Technical Proposal for Professional Auditing Services

For the Fiscal Years Ending June 30, 2016 through June 30, 2018

Submitted by:

Federal Employer ID Number: 36-4781081

Engagement Partner: Sanwar Harshwal (Contact Person)

Contact Info: ***(858) 784-1622, SHarshwal@patelcpa.com***

June 09, 2016

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TRANSMITTAL LETTER

June 09, 2016

City of Placentia

ATTN: Larry Schroeder Interim Chief Financial Officer
401 E. Chapman Avenue
Placentia, CA 92870

Re: Request for Proposal for Professional Auditing Services

Dear Larry Schroeder and Evaluation Committee Members,

Patel & Associates, LLP is pleased to respond to your request for proposal to provide audit services to the City of Placentia for the fiscal years ending June 30, 2016 through June 30, 2018 with the option to extend the contract for additional two years. Our proposal is based upon the guidelines set forth by the City as well as our current understanding of the City's operations and service needs.

We believe that we will be responsive to your needs because of the experience we have in auditing state and local governments. You will find that key members of our staff have had extensive experience in audits of state and local governments, tribes and tribal governments, housing authorities, school districts, state agencies and not-for-profit organizations and are quite familiar with the City's auditing and reporting requirements. We feel that with this experience and expertise, our firm is well qualified to complete this engagement with the best professional results possible.

We believe that we are well qualified to provide you knowledgeable and effective service. Patel & Associates, LLP is pleased to highlight the following credentials, for your consideration:

- The audit team proposed has extensive experience in audits of state and local governments, audit requirements under revised Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), and federal and state compliance requirements. Additionally, the team is familiar with all of your programs.
- Our proposal is a firm and irrevocable offer for fiscal years 2015-16, 2016-17 and 2017-18.
- We will provide professional services and deliver the reports in a timely manner. Mr. Sanwar Harshwal will play a major role in this and in any future year engagements and ensure that the level of service you have been accustomed to be maintained. We will allocate sufficient time and resources for your audit, and ensure proper communication with you and your staff to assure that the audit is completed on time. As a professional firm, we believe in fulfilling all commitments to the City and exceeding your expectations.

Why Patel & Associates, LLP:

We are among the most prominent and credible firm's of California, that prides themselves for its dedication and integrity in profession. You can count upon us on the following:

- Extensive Partner involvement on each engagement
- Manager and/or Partner always on site during fieldwork
- Consistent and experienced staff
- Timeliness of communications
- Proactive approach in addressing complex issues early in the engagement
- Availability to clients as a specialized resource
- Professionalism with understanding

Understanding of the work to be performed:

We understand that you require us to conduct the audit of the City's financial statements for the fiscal years ending June 30, 2016 through June 30, 2018. We will perform audit in accordance with Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, standards for financial audits set forth in the U. S. General Accounting Office's Government Auditing Standards (1994), provisions of the Single Audit Act of 1984 (as amended in 1996), provisions of the U. S. Office of Management and Budget (OMB) Circular A-133 (Uniform Guidance revised), audits of States, Local Governments, and Non-Profit Organizations, Audits of State and Local Governments. We will provide financial as well as single audit services to the City. We will prepare, process and print the Comprehensive Annual Financial Report of City. In addition, we will also prepare a report for GANN Limit for the City. We will perform the Agreed Upon Procedures following the requirements of RFP. We have included detailed understanding of work to be done in "**Specific Audit Approach**" section.

Mr. Sanwar Harshwal, who is an Engagement Partner with the firm and who can be reached at 266 17th Street, Suite 200, Oakland CA 94612, contact number (858) 784-1622, is authorized to represent and bind the firm on this engagement. Please do not hesitate to contact him, for any questions you may have in regarding our proposal.

Patel & Associates, LLP is a small business enterprise and 100% multi-minority owned CPA firm.

Sincerely,

Patel & Associates, LLP
Certified Public Accountants

Sanwar Harshwal
Engagement Partner

TECHNICAL PROPOSAL

Independence

We are independent to conduct the audit under the AICPA, generally accepted auditing standards/the U.S. General Accounting Office's Government Auditing Standards (2007), and the U.S. Government Accounting Office's rules.

Before accepting any new engagement, we conduct a thorough check to ensure that there are no conflicts of interest or independence issues. This procedure is in compliance with the independence requirements of all regulatory agencies and, specifically, in compliance with the Standard for Audit of Governmental Organizations, Programs, and Activity Functions, as published by the U.S. General Accounting Office (GAO). If selected as your auditor, we will maintain and monitor our independence as well as reassess our independence with respect to your organization on an annual basis. We will continue to evaluate our independence as your external auditors and will give the City written notice of any professional relationships involving the City and its component unit, if entered into, during the period of the audit contract.

License to practice in California

Patel & Associates, LLP is a Certified Public Accounting firm duly licensed under the authority of the California State Department of Consumer Affairs. Also our all assigned key professional staff are licensed to practice in California.

Firm Qualifications and Experience

Patel & Associates, LLP is a local firm of Certified Public Accountants offering auditing, management consulting and special services to its clients, which consist primarily of governmental and institutional organizations. The firm is the result of a direct effort of professionals who consolidated their experience and resources in order to provide a broader range of high quality services to their clients. Members of the firm have accumulated over four decades of experience in public accounting; primarily with international certified public accounting firms while employed in high supervisory positions.

Patel & Associates, LLP has office in Oakland with associated office in Albuquerque, New Mexico. The work on this engagement will be performed from our Oakland, California office. The location of our offices permits a wide geographical coverage that better serves our clients and permits us access to a variety of personal experience in numerous industries. The firm has twenty-five staff members comprising of two partners, three managers, three supervisors and seventeen staff members. One senior manager, one senior auditor and two staff members will be available on full time basis and others on part time basis.

The firm encourages its members to participate in community activities as well as trade or industry associations to round out our involvement in our profession and community. Our involvement in these activities assures that we are up-to-date on relevant information that will assist us in counseling and serving our clients in their unique and particular problems.

No Conflict of Interest

Patel & Associates, LLP do not have any past or current business or other relationship with the City. We also hereby agree that no member, officer, or employee of the City, no member of the local governing body of the locality in which the local City is located and no other public official who exercises any function or responsibilities with respect to the City, during his tenure or for one year thereafter, shall have any interest, direct or indirect, in this contract or the proceeds thereof.

Services Provided by the Firm

Patel & Associates, LLP is a full service professional office providing comprehensive services commonly associated with large firms. The office is divided into the following departments and provides the following services:

- **Audit Department:** Provides audit services to commercial, governmental and non-profit organizations with special emphasis on compliance audits in Education, Health and Housing industries.
- **Tax Department:** Provides a wide range of tax preparation, tax planning and consulting for corporations, partnerships and individuals.
- **Management Advisory Services:** Provides consulting services in designing, modifying and installing computer systems; selecting and evaluating computer hardware and software systems and consulting in management information systems.
- **Accounting Department:** Provides consulting services in setting up business and establishing accounting systems, books and records. Assistance in maintaining business records and preparing financial statements.

Standard Quality Audit

Patel & Associates, LLP have always been a hallmark for quality of its audit work. It is perpetrated in providing high-quality service without compromising the timely submission of your audit report. We have never been debarred or suspended or that our firm's contracts are never rejected for substandard audits.

Desk & Field Reviews

From time to time selected Patel & Associates, LLP audit engagements are subject to desk review by federal or other regulators. In all such reviews during the past three years, the reviews have shown our work to be satisfactory and no disciplinary or other administrative proceedings have resulted from those reviews. There has been no disciplinary action taken against Patel & Associates, LLP's offices by the AICPA, SEC or any State Board or Society in the last three years. There are also no such actions currently pending.

Continuing Education

Our membership in AICPA's private practices section and because the audits we perform entities and other nonprofit agencies, requires us to meet the continuing education requirements. We are fully in compliance of the GAO's requirements of 24 hours of continuing education and training in subjects directly related to the government environment and government auditing.

Disciplinary Action or Pending Litigation

Patel & Associates, LLP's emphasis on quality, have rewarded the firm with an excellent track record regarding claims related to professional services. Patel & Associates, LLP has an impressive 25-year history free of major litigation, penalties and debt, and we have no sanctions or restrictions imposed by professional organizations, regulatory authorities or other government institutions.

Patel & Associates, LLP has not been debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs, or from receiving Federal contracts, subcontracts, or financial or nonfinancial assistance or benefits, under Executive Order 12549, "Debarment and Suspension" (24 CFR 85.35) or other Federal laws, statutes, codes, ordinances, regulations or rules, at any time during the term of the agreement.

Equal Opportunity Employer

Patel & Associates, LLP is an equal employment opportunity employer. It is our policy to be continually alert and to identify and correct any practices by individuals that are at variance with the intent of the firm's Equal Employment Opportunity policy. Patel & Associates, LLP prohibits discrimination of qualified persons based on race, religion, color, sex, age, national origin, disability, sexual orientation, military status, or any other characteristic protected by applicable federal, state or local law. This policy applies to all phases of the employment relationship, including the recruitment, hiring, compensation, benefits, training and development, promotion, transfer, layoff, discharge, and all other conditions and privileges of employment in accordance with applicable federal, state, and local laws.

Insurance Requirements

The firm has adequate insurance (Professional Liability, General Liability, Workmen's Compensation, etc.). We will maintain such insurance coverage during the period of engagement. Upon award of the contract, we will provide such certificates and meet the requirements as indicated in the RFP.

We are willing and are able to provide the required insurance coverage as set forth by the City requirements in the RFP.

Peer Review / Quality Control

Patel & Associates, LLP belongs to the Private Practices Section of the AICPA and has successfully completed nine Peer Reviews under the regulations of the AICPA. This is a program dedicated to ensuring that participating firms have quality control systems in place over their accounting and auditing practices. This program also includes a review of our governmental client bases that have single audit requirements. We were pleased to receive a peer review rating of pass, and believe it reflects our commitment to perform quality work. We have also undergone a quality control review by the United States Department of Housing and Urban Development mandated by the Single Audit Act of 1984. The audit selected for review was accepted without change.

Please find the copy of Peer Review Report in "Exhibits".

Technical Experience

State and Local Governments

- City of Port Hueneme
- City of Oakland
- City of Santa Cruz
- City of San Leandro
- City of San Francisco
- City of Emeryville
- City of San Mateo
- City of Hayward
- City of San Francisco
- City of Fairfield
- State of California
  - State of California Office of Economic Opportunity (SOEO)
  - CALTRANS
  - Employment Development Department
  - Office of the Auditor General
  - Department of Veterans Affairs
- City of East Palo Alto
- City of Crescent City
- City of Vallejo
- County of Santa Clara
- County of Sonoma
- City of Berkeley
- City of Pleasanton
- City of San Mateo
- City of Newark
- City of Redwood City
- City of San Jose
- City of Union City
- City of Richmond
- City of Albany
- City of Alameda
- City of Fremont

Counties

County of Alameda

- Community Based Organization Audits
- Alameda County Housing and Community Development Agency - Housing and Community Development and Lead Poisoning Prevention
- Alameda County Public Works Department
- Alameda County Housing and Community Development - Bond Audit
- Alameda County Social Services - Food Stamp
- Oakland-Alameda County Coliseum Authority
- Alameda County Congestion Management Agency
- Alameda County Health Care Services Agency
- Alameda County Auditor-Controller's Agency
- City of Oakland, Office of Public Works
- Alameda County Fire Department
- Alameda County Transportation Authority

Contra Costa County

- Public Works Department
- Emergency Medical Services

Santa Clara County

- Single Audit (Sub Contractor)
- County of Santa Clara JTPA Program
- Mental Health Short Doyle Program
- Sheriff's Department – Inmate Welfare Fund

County of San Mateo

- JTPA Program
- Menlo Park Fire Protection District
- Department of Community Services

Santa Cruz County

- Single Audit
- Mental Health - Short Doyle Program

Solano County

- City of Vallejo (Sub Contractor)
- Local Transportation Fund
- Mental Health - Short Doyle Program

Del Norte County

- Del Norte County
- Del Norte County Solid Waste Management

Other Counties

- Short Doyle Program - City and County of San Francisco
- Mental Health - Short Doyle Program - County of Yolo
- Single Audit (Sub Contractor) - Sonoma County
- Mental Health - Short Doyle Program - County of Tulare
- Mental Health - Short Doyle Program - County of Monterey

Housing Entities

- Housing Authority of San Mateo County
- Housing Authority of the County of Alameda
- Housing Authority of the City of Richmond
- Housing Authority of the County of Butte
- Housing Authority of City of Dublin
- Housing Authority of the City of Richmond
- Housing Authority of the County of San Joaquin
- Housing Authority of the County of Yolo
- Housing Authority of the County of Contra Costa
- Housing Authority of the City of Eureka and County of Humboldt
- Housing Authority of the City of Port Hueneme
- Housing Authority of the City of Santa Barbara
- Tulare County Housing Authority
- Santa Clara County Housing Authority
- Contra Costa County Housing Authority
- Vallejo City Housing Authority
- San Bernardino Housing Authority
- Alameda City Housing Authority
- Suisun City Housing Authority
- San Francisco Housing Authority
- Housing Authority of the County of Mariposa
- Housing Authority of the City of Benicia
- Housing Authority of City of Livermore
- Housing Authority of City of Oakland
- Berkeley Housing Authority

Federal Clients

- United States Department of Education
- United States Department of Housing and Urban Development
- United States Department of Health and Human Services
- United States Department of Labor
- United States Bureau of Indian Affairs
- United States Small Business Administration
- United States Department of Commerce
- United States Department of Economic Development Administration
- Office of Minority Business Enterprises
- Environmental Protection Agency
- Urban Mass Transit Administration
- Office of Minority Business Enterprises
- Social Security Administration
- Office of Native American Programs
- Public Works Administration
- legal Services corporation
- Securities and Exchange Commission
- Community Services Administration

Educational Entities

- Oakland Military Institute College Preparatory Academy
- West Sacramento Valley Charter School
- Aurora High School
- American-Indian Public Charter School
- East Oakland Leadership Academy
- Garfield Charter School
- Growing Children Charter School
- Language Academy of Sacramento
- Liberty Family Academy
- North Oakland Community Charter School
- Oakland Charter Academy
- Oakland Unity High School
- Dolores Huerta Learning Academy
- Ernestine C. Reems Learning Academy of Technology and Arts
- Escuela Popular Del Pueblo
- Sojourner Truth Learning Academy
- Willow Education Foundation dba Bay Area Technology School
- Belmont-Redwood Shores School District
- Marin Community College District
- San Jose Community College District (Special Programs)
- Peralta Community College District (Special Programs)
- La Honda-Pescadero Unified School District
- Brisbane School District
- Jefferson School District
- Pacifica School District
- San Mateo-Foster City School District
- Bayshore Elementary School District
- Ravenswood City School District
- Redwood City School District
- North Monterey County Unified School District
- Jefferson Union High School District
- Benicia Unified School District
- Castro Valley Unified School District
- Fairfield-Suisun Unified School District
- Franklin-McKinley School District
- Napa Valley Unified School District
- North Sacramento School District and
- Vallejo City Unified School District
- D-Q University
- New College of California
- The National Hispanic University
- South Western Community College District
- Cabrillo Community College District
- California State University, Sonoma (Athletic Programs)
- California State University, Humboldt (Child Care Programs)

Non Profit Organizations

- Gardner Family Care Corporation
- Gardner Family Health Network, Inc.
- Global Education Partnership
- Hemophilia Foundation of Northern California
- Henry Robinson Multi Service Center
- Hiawatha Harris, M.D., Inc. dba Pathways to Wellness Medication Clinic
- Hispanic Chamber of Commerce
- Hope Hospice, Inc.
- The ACBA/Volunteer Legal Service Corporation
- The Alameda County Bar Association
- The Alameda County Bar Foundation
- The World Without War Council, Inc.
- Tri-Valley Haven for Women
- United Way of Solano County
- Pacific Asia Travel Association
- PATA Foundation
- Pets Are Wonderful Support
- Professional Management Development Corporation
- Redwood Legal Assistance
- Regional Administrative Facilities Corporation
- Richmond Neighborhood Housing Services, Inc.
- San Jose Police Activities League
- Santa Clara Community Legal Services
- Second Chance, Inc.
- Sexual Minority Alliance of Alameda County
- Solano County Legal Assistance
- Spanish Speaking Citizens Foundation

Non Profit Organizations

- AIDS Project of the East Bay
- Alameda County Mental Health Association, Inc.
- A Betterway, Inc.
- Adelante, Inc.
- African American Aids Support Services Institute
- Alcohol Policy Network (formerly Community Recovery Services)
- American Lung Association in California
- American Red Cross (Solano County)
- Art, Research Curriculum & Associates
- Asian Pacific Islander Legal Outreach
- Asian and Pacific Islander American Health Forum
- Associated Students, Inc. of California State University, Hayward
- Carnales Unidos Reformando Adictos
- Center for Independent Living
- Center for Training and Careers
- Centro Legal De La Raza
- Chinese for Affirmative Action
- Coalition For Elders Independence, Inc.
- Community Clinic Consortium
- Community Drug Council, Inc.
- Community Health for Asian Americans
- Community Oriented Correctional Health Services
- Countywide Alcohol and Drug Services
- Daytop Village, Inc. (California)
- Deaf Counseling, Advocacy and Referral Agency
- East Bay Conversion and Reinvestment Commission
- East Bay Agency for Children
- East Bay Community Recovery Project
- Emeryville Center for the Arts
- Family Bridges, Inc.
- Family Paths, Inc.
- Filipino-American Seniors Opportunities Development Corporation
- Filipino Task Force on Aids
- Filipinos for Affirmative Action, Inc.
- University Union, Inc. of California State University, Hayward
- Association of Asian Pacific Community and Health Organization
- Building Opportunities for Self-Sufficiency (BOSS)
- Bay Area Center For Law and The Deaf
- Bay Area Community Services
- Bay Area Lupus Foundation
- Bay Area Young Positives
- California Anchor Residence Group Home
- California Coalition Against Sexual Assault
- California Communications Access Foundation
- California Housing Partnership Corporation
- California Interscholastic Federation
- California Rural Legal Assistance
- California Wilderness Coalition
- Friendship House Association of American Indians, Inc.
- Jobs for Homeless Consortium, Inc.
- Jubilee West, Inc.
- La Familia Family Services of Alameda County
- Lao Family Community Development, Inc.
- Legal Aid Society of Alameda County
- Legal Center for Elderly and Disabled
- Lincoln Child Center
- Livermore Valley Performing Arts Center
- Mexican American Community Agency
- Mission Cultural Center for Latino Arts
- Napa County Legal Assistance
- National Office of Samoan Affairs, Inc.
- National Task Force on Aids Prevention
- New Leaf Services for our Community
- Oakland Asian Students Educational Services
- OBECA/Arriba Juntos
- Old Oakland Housing Development Corporation
- Options Recovery Services
- Spanish Speaking Unity Council
- Spectrum Community Services, Inc.
- Youth and Family Services, Inc.

Partner, Supervisory and Staff Qualifications and Experience

Staff Resumes

- Sanwar Harshwal, *CPA, CIA, CISA, CFE, FCA, CRMA, CGMA, CCA*
- Ramesh C. Patel, *CPA*
- Albert Hwu, *CPA*
- Fadi Shahin, *Bachelors Accounting*

Management of the Engagement

The audit will be managed by the Engagement Partner with extensive municipal accounting and governmental audit experience, Mr. Harshwal has been in charge of various large audits, governmental funded programs and community based organizations receiving federal and state funds. The field work will be directed under Mr. Ramesh Patel, CPA. The following summarizes the proposed management of this engagement:

Name/Position	Responsibility
Sanwar Harshwal, CPA **Engagement Partner**	– Sanwar Harshwal will be the Engagement Partner in charge of administration, reviews, planning of audit, approval of the audit scope and work, Partner review of work and liaison with the City. – He is responsible for the conduct of the field work, coordination of the audit plan, ensuring that the plan formulated is effectively followed and managed. – He will coordinate the audit with the manager and supervisor to ensure that the field work is progressing properly, that the audit teams' effort is given proper management and coordination, and that the various audit components are being performed efficiently and timely. – He also has the responsibility for meeting with the City management to keep them informed regarding the progress of the audit. The responsibility also extends to ensuring smooth interaction of the firm with the City. – He has final authority in the conduct of the engagement and assumes full responsibility for the work performed.
Fadi Shahin **Manager**	– Fadi Shahin is in charge of field work and conducting tests and studies, directing necessary revisions and assisting the partner and senior manager. – He will provide continuity of audit effort, consistency of work and attainment of audit goals

Ramesh Patel, CPA
Consultant

- Ramesh Patel will be responsible as a second reviewer of the workpapers and the audit report to ensure that it meets all the current professional standards.
- He is in charge of planning the audit, review of the audit effort, and guidance of the examination.
- He is responsible for the conduct of the field work in conjunction with supervisor, to ensure coordination of the audit plan, provide instruction and coordination to senior and staff accountant on City systems, on site reviews, and assistance in report preparation.
- Ramesh is responsible for review of working papers, financial statements, and reports of discussion with the City. He will direct senior and staff accountant; review audit programs and ensure that assignments are accomplished within the budgeted time; review working papers for accuracy and completeness, and review the financial statements for suitability of presentation and adequacy of disclosures.
- He will follow the progress of the engagement and help resolve accounting/auditing problems as they arise. This will ensure that the audit plan formulated and approved by the Engagement Partner is effectively followed and managed. The responsibility also extends to ensuring smooth interaction between the firm and the City. Ramesh will also serve as resource for Staff technical questions.

Albert Hwu, CPA
Staff Auditor

- Albert will conduct tests and studies, interacts with client's staff, updates the audit programs and is responsible for all walk-throughs and risk assessments activities.
- He will work with the auditor in charge, performs audit test work assigned, ensures compliance standards, documents test work and ensures that the activities align with the agreed on timeframe and budget.

Our all assigned key personnel are licensed to practice as a Certified Public Accountant in the State of California. In addition to the key personnel listed, additional staff will be assigned from our pool of professionals. Our all assigned key personnel are having experience in the government auditing and specific public school related auditing as mentioned in the **"Technical Experience"** section.

We assure you regarding the quality of staff over the term of engagement. We will not replace audit personnel except prior written permission of the City. In case we change, we will provide replacements having better qualifications or experience.

SANWAR HARSHWAL
ENGAGEMENT PARTNER

Sanwar is the partner in charge of Patel & Associates, LLP's auditing practice; he is a globe trotter and a trained technical speaker on auditing and global accounting standards, IT and internal controls, on fraud prevention, and on examinations and internal audits. With over 35 years of experience with governmental audits, Sanwar is also a leading expert on emerging accounting challenges for tribal organizations.

During the last 5 years, Sanwar provided over 400 hours of training to several professionals on GASB, GAS, OMB A-133, FASB, SAAS, IFRS, COSO, COBIT, internal audits, fraud prevention and examination, and Tribal governmental governance issues. In addition to having significant experience in audits, strategic assessments of accounting function, and internal control structures, Sanwar has extensive experience in evaluating complex accounting and finance issues.

SANWAR'S PROFESSIONAL CREDENTIALS:

EDUCATION

- B.S. Business Accounting
- Bachelor of Law

CERTIFICATION

- Certified Public Accountant - State of California (CPA)
- Certified Public Accountant - State of Arizona (CPA)
- Certified Public Accountant - State of New Mexico (CPA)
- Certified Public Accountant - State of New Washington (CPA)
- Chartered Accountant - The Institute of Chartered Accountants of India
- Certified Information System Auditor (CISA)
- Certified Fraud Examiner (CFE)
- Certified Internal Auditor (CIA)
- ORACLE Financial Consultant (Oracle Business Suite)
- Chartered Global Management Accountant (CGMA)
- Certified Risk Management Assurance (CRMA)
- Certified Construction Auditor (CCA)

PROFESSIONAL MEMBERSHIP

- Member of AICPA
- Member of California CPA Society of Certified Public Accountants
- Member of Information Systems Audit and Control Association, USA
- Member of Association of Certified Fraud Examiners, USA
- Member of Institute of Certified Internal Auditors
- Member of National Association of Construction Auditors
- Member of NM CPA Society

CPE Courses Completed during last 3 years:

Sponsoring Organization	Location	Course Description	Dates	CPE Hours
NMSAO	Santa Fe	Govt Auditing	4/1/13	5
HC Jaipur	Webinar	Govt Auditing	4/5/13	12
AICPA	Online	Audits of 403(b) Plans: The Basics	4/12/13	1
AICPA	Online	Auditing 401(k) Plans: Planning	4/12/13	2
AAG	Albuquerque	Govt Auditing	4/16/13	6
AAG	Albuquerque	Govt Auditing	4/16/13	2
AICPA	Online	2012 Annual A&A Update: Accounting Standards Updates	4/18/13	1
AICPA	Online	2012 Annual A&A Update: Fair Value Accounting	4/29/13	1
AICPA	Online	2012 Annual A&A Update: Variable Interest Entities	5/8/13	1
HC Jaipur	Webinar	Govt Auditing	5/22/13	12
PES LP	Online	CA Regulatory Ethics	5/23/13	2
NMCPA	Albuquerque	Govt Auditing	5/23/13	8
AICPA	Online	Ethics: Pointer Electronics, Inc. - You are the Engagement Quality Review (Concurring) Partner	5/24/13	1
AICPA	Online	Ethics	5/24/13	2
NMCPA	Albuquerque	Govt Auditing	5/24/13	6
NMCPA	Albuquerque	Ethics	5/24/13	2
NMCPA	Albuquerque	Govt Auditing	5/25/13	8
AICPA	Online	2012 Annual A&A Update: Compilation and Review Update	5/28/13	3
AICPA	Online	Forensic Accounting: Documents, Reports, Deposition Phase, Witness Stand, & Alternative Solutions	5/30/13	2
AICPA	Online	Forensic Accounting: Scams, Schemes, and AU Section 316 (AU-C Section 240)	5/30/13	1
AICPA	Online	Forensic Accounting: Analytical and Investigative Techniques	5/30/13	3

AICPA	Online	Forensic Accounting: Unique Role and Engagement of the Forensic Accountant	5/30/13	1
AICPA	Webinar	Fraud CPE	8/12/13	12
CPE Discount Store	Web Based	Auditing development	5/23/14	16
CPE Discount Store	Web Based	Not for Profit Accounting Reporting and Analysis	5/26/14	8
CPE Discount Store	Web Based	Internal Control and Fraud Detection	5/27/14	10
CPE Discount Store	Web Based	Govt Accounting And Reporting	5/28/14	10
HC San Diego	Webinar	Fraud Prevention and Detection in State and Local Govts	6/16/14	12
HC San Diego	Webinar	COSO Framework 2013	6/17/14	12
NMCPA	Santa Fe	Govt. Auditing	5/18/15	5
NMCPA	Santa Fe	Govt. Accounting	5/18/15	1
NMCPA	Santa Fe	Economics	5/18/15	2
NMCPA	Santa Fe	Govt. Accounting	5/19/15	5
NMCPA	Santa Fe	Spec. Knowledge	5/19/15	2
NMCPA	Santa Fe	Finance	5/19/15	1
CPE Discount Store	Web Based	Ethics for CA	5/19/15	4
NMCPA	Santa Fe	Govt. Auditing	5/20/15	4
NMCPA	Santa Fe	Govt. Accounting	5/20/15	2
NMCPA	Santa Fe	Ethics	5/20/15	2
CPE Discount Store	Web Based	Fraud Auditing & Forensic Accounting	8/5/15	20
AICPA	Live Webinars	Audits of HUD-Assisted Projects	12/28/15	4
AICPA	Live Webinars	Annual Tax Update: Corporations and Pass-Through Entities	12/29/15	8
Harshwal & Co LLP	Web Based	Audit & Accounting	Various dates	54
ISACA	Online	ISACA Approved CPE for CISA Certification	Various dates	90
Total CPE Hours				366

RAMESH C. PATEL
CONSULTANT

Mr. Patel has been in charge of various large audits, governmental funded programs and community based organizations receiving federal and state funds.

Mr. Patel has over forty years' experience while employed at Pannell, Kerr and Forster and as a partner of Patel, Shah & Joshi. This association has given Mr. Patel experience in the field of international accounting as well as compliance auditing of foreign associations. While at Patel & Associates, LLP, Mr. Patel has acquired extensive experience in audits of large Governmental entities, Non Profit Organizations and Special Districts.

RAMESH'S PROFESSIONAL CREDENTIALS:

EDUCATION

- Bachelor of Commerce degree with a concentration in Accounting from Bombay University.
- Chartered Accountant

CERTIFICATION

- Certified Public Accountant - State of California (CPA)
- Fellow of the Institute of Chartered Accountants in England and Wales
- Certified Public Accountant - Kenya

PROFESSIONAL MEMBERSHIP

- Member of AICPA
- Member of California Society of Certified Public Accountants
- Member of Institute of Chartered Accountants, in England and Wales
- Associate member of the British Institute of Management.

CONTINUING EDUCATION

Mr. Patel has for the past several years attended the Audits of HUD-Assisted Projects, Advanced Auditing of HUD-Assisted projects, Annual School District conference conducted by the California Society of Certified Public Accountants. Also attended the annual local government Industry Seminar conducted by AICPA and CSCPA. He has taken continuing education - courses in areas of government and Not for Profit Organization audits provided by AICPA and CSCPA. Mr. Patel has attended AICPA seminar on GASB's New Financial Reporting Model and Financial Statements of Not-for-Profit Organizations. Attended California CPA Education Foundation Course on GASB 34 - For State and Local Governments. He made a presentation on the impact of OMB Circular A-133 on Audits of Financial Statements before the Finance Directors meeting of various community based health clinics in the Bay Area.

FADI SHAHIN
MANAGER

Manager with Patel & Associates, LLP with over thirteen years of experience in audit and accounting. He has been with the firm for the past two years.

FADI'S PROFESSIONAL CREDENTIALS:

EDUCATION AND COMPUTER SKILLS

- Bachelors in Accounting and Certified Public Accountant in Jordan.
- Excellent computer knowledge of the software programs including Excel, Microsoft Word, Quickbooks, Peachtree, MAS 90, Fast Advantage, Engagement-CS, Case Ware, Pap Systems, FAS Asset Depreciation and Lacerte Tax Program.

CERTIFICATION

- Mr. Shahin is in the process of procuring his California CPA license

EXPERIENCE

Mr. Shahin has ten years of experience having worked as Senior Auditor and Audit Manager at Deloitte & Touche and KPMG in the Middle East.

He has performed various audit tasks related to planning of the audit and conducting and supervising field work. He has been engaged with our Housing Authority, Governmental and Nonprofit engagements. He has followed procedures presented by standards and procedures for Audits of Special Districts issued by California State Controllers and performed test of disbursements, test of unrecorded liabilities, compliance and general audit procedures. He has performed various desk and field audits on hospitals and health services providers as well as evaluated provider accounting and cost reporting systems, verification of costs claims, eligibility of patients under Medicare Programs and cost allocation formulas. He has planned and performed audit procedures for various Governmental and Non Profit Organizations which is supervised by him.

Mr. Shahin has worked extensively on financial and compliance engagements under the Single Audit Act of 1984 and OMB Circular A-133.

CONTINUING EDUCATION

Mr. Shahin has attended seminars conducted by the California Society of Certified Public Accountants, AICPA local governments and Not for Profit Organizations. He has attended the annual School District's Conference and seminars on SFAS 116 - Accounting for Contributions Received and Contributions Made, and SFAS 117 - Financial Statements of Not-for-Profit Organizations. He has attended seminars on Applying A-133 to Non Profit Organizations and Governmental Organizations. He has attended seminars on Governmental Financial Reporting Standards and Practices and GASB 34.

ALBERT HWU, *CPA*
STAFF AUDITOR

Albert Hwu has been engaged with several accounting and audits of governments and school districts for over a year. He is proficient in the operating nuances of accounting and auditing packages and demonstrates up-to-date knowledge of auditing and accounting pronouncements. Albert has worked on financial and compliance engagements under the Single Audit Act of 1984 and OMB Circular.

ALBERT'S PROFESSIONAL CREDENTIALS:

EDUCATION

- Bachelor of Accountancy

CERTIFICATION

- Certified Public Accountant- State of Washington (CPA)

PROFESSIONAL MEMBERSHIP

- Member of AICPA

EXPERIENCE

Mr. Albert has performed various audit tasks related to planning of the audit and conducting and supervising field work. He has been engaged with our School Districts, Housing Authority, Governmental and Nonprofit engagements. He has followed procedures presented by standards and procedures for Audits of California K-12 local Educational Agencies issued by California State Controllers, Special Districts issued by California State Controllers and performed test of disbursements, test of unrecorded liabilities, compliance and general audit procedures. He has performed various desk and field audits on hospitals and health services providers as well as evaluated provider accounting and cost reporting systems, verification of costs claims, eligibility of patients under Medicare Programs and cost allocation formulas.

Mr. Albert has worked on financial and compliance engagements under the Single Audit Act of 1984 and OMB Circular A-133.

CONTINUING EDUCATION

Mr. Albert has attended various seminars conducted by the AICPA local governments and Not for Profit Organizations. He has attended seminars on Applying A-133 to Non Profit Organizations and Governmental Organizations. He has attended seminars on Governmental Financial Reporting Standards and Practices and GASB 34.

Similar Engagement with other Government Entities

1.	**Contact Person:** **Client Name:** **Telephone:** **Engagement Partner:** **Scope of Work:** **Duration of Work:** **Address:**	Mr. Kirsteen LaCasse City of Oakland (510) 238-3809 Mr. Ramesh Patel Audit Services for Measure Y programs Past several years recently concluded the audit for FY ended June 30, 2015. Also selected as auditor for FY 2016. 150 Frank H. Ogawa Plaza, Suite 6353, Oakland, CA 94612
2.	**Contact Person:** **Client Name:** **Telephone:** **Engagement Partner:** **Scope of Work:** **Duration of Work:** **Address:**	Mr. Al Burrell, Accounting/Revenue Manager City of Port Hueneme Phone: (805) 986-6529 Mr. Sanwar Harshwal Financial Audit and CAFR Preparation Performed Audit for the year end June 30, 2015. 250 North Ventura Road, Port Hueneme, CA, 93041
3.	**Contact Person:** **Client Name:** **Telephone:** **Engagement Partner:** **Scope of Work:** **Duration of Work:** **Address:**	Mr. Clinton Schaad, Auditor/Controller County of Del Norte (707) 464-7214 Mr. Sanwar Harshwal Financial Audit and Single Audit Services Performed Audit for the year end June 30, 2015. 981 H Street, Suite 140, Crescent City, CA 95531
4.	**Contact Person:** **Client Name:** **Telephone:** **Engagement Partner** **Scope of Work:** **Duration of Work:** **Address:**	Mr. U.B. Singh, Director of Finance Alameda County Housing and Community Development (510) 670-5932 Mr. Ramesh Patel Single Audit Services Single Audits for past several years recently concluded for FY ended June 30, 2015. Selected as auditor for FY 2016. 224 W. Winton Avenue Room 110, Hayward, CA 94544
5.	**Contact Person:** **Client Name:** **Telephone:** **Engagement Partner** **Scope of Work:** **Duration of Work:** **Address:**	Mr. Steve Manning, Auditor-Controller Alameda County Auditor-Controller Agency Phone: (510) 272-6565 Mr. Ramesh Patel Single Audit Services Performed Single Audits for past several years. 1221 Oak Street Room 249, Oakland, CA 94612

Specific Audit Approach

At Patel & Associates, LLP, our professionals have extensive experience performing state and local governments audit and our team has a broad understanding of the work environment and audit needs of the City. We will prepare a Comprehensive Annual Financial Report (CAFR) of City for the Fiscal Year June 30, 2016 through June 30, 2018 and provide necessary assistance in submission of CAFR to the GFOA for review in the GFOA Certificate of Achievement for Excellence in Financial Reporting program. We will adhere with the instructions of RFP and will be performing the following tasks:

Certificate of Achievement for Excellence in Financial Reporting

We understand the City intends to apply for the Government Finance Officers Association's (GFOA's) Certificate of Achievement for Excellence in Financial Reporting. Patel & Associates, LLP can help you through this process by reviewing your reports and suggesting changes. A review includes the evaluation of your reports using our independently prepared checklists designed to aid in financial reporting and disclosure accuracy and completeness. We will work with you to resolve identified discrepancies, so your reports are returned with minimal exceptions.

A. Scope of work to be performed:

1. **Financial Audit:**

   i. We will perform an audit of all funds of the City of Placentia. We can find the need for increasing sample size based upon our analysis of last year's audit, tolerable or expected error and our use of tables and softwares to set sample size. When required for increasing sample size, we will increase the scope of substantive tests.

   ii. We will conduct audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller of the United States.

   iii. We will prepare, word process and print the City's Comprehensive Annual Financial Report (CAFR).

   iv. We will render audit report on the basic financial statements including both Government-Wide Financial Statements and Fund Financial Statements.

   v. We will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the City.

2. **Single Audit:**

   i. We will perform a single audit on the expenditures of federal grants in accordance with OMB Circular A-133 and render the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of the City's financial statements in accordance with Government Auditing Standards and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133 (Revised to Uniform Guidance).

   ii. We will include in single audit report the appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, including reportable conditions and material weaknesses, and follow-up on prior audit findings where required.

3. GANN Limit

We will perform agreed-upon auditing procedures pertaining to the City's GANN Limit (Appropriations Limit) and render a letter annually to the City regarding compliance.

4. Management Letter

We will issue a separate "management letter" including recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions. We will address Management letter to the City Administrator and the City Council. In case of requirements, we will issue written communications that include recommendations for improvements in internal control, accounting policies and procedures, and other significant observations that are considered to be deficiencies in internal control, significant deficiencies or material weaknesses addressing to the City Council.

5. Review of Employee Compensation

We will review the employee compensation including both items below:

A. City Manager and Executive Team (currently 5 authorized positions),
B. Five additional City employees to be selected each year.

We will perform a review of changes in pay rates during the fiscal year and determine if changes (pay rates, employee status, and benefits) were authorized and supported by appropriate documentation including reconciling authorized pay with payroll records, and agreeing employee records with any changes. As weill as we will review leave balance reports to verify correctness of vacation, sick leave, compensating time off, personal time off, and administrative leave, including accruals and caps.

6. SAS 99 Fraud Interviews

We will include following three Elected Officials (Five City Council Members, One City Treasurer, One City Clerk) as part of SAS 99 interviews.

7. Agreed-upon-procedures

We will mutually concur upon **any two** of the following agreed upon procedures mentioned in the RFP as per the requirement of the City

i. Reviewing the Journal Entries (20)— Ensuring that journal entries (including budget entries) are made adequately, have proper support, have proper approval, and are correctly recorded to the general ledger.
ii. Reviewing the Check Stock Sequence and Cancelled Checks — We will verify the sequence of check stock, including unused checks, voided checks and cancelled checks to verify that all checks cleared through the City's financial institutions are presented to Council in the warrant registers and are properly accounted for within the accounting records of the City.
iii. Reviewing the Cash Receipts (30)—We will check and ensure that the amounts collected from all locations accepting revenues are properly reflected on receipt documentation that agrees with the amount in the revenue tracking software (if applicable), to the general ledger, and the amount reflected on the bank statement.
iv. We will prepare the annual Cities Financial Transactions Report for the State Controller's Office per Government Code section 53891.

v. We will preparation of the Annual Street Report for the State Controller's Office per California Streets and Highways Code Section 2151.

vi. We will prepare any or all reports on compliance and internal controls including all instances of noncompliance

In addition, we will be available for cosultation throughout the year as information resource. We will provide guidance on implementation of GASB requirements and specifics of Federal and State regulations which may affect the City's local governmental accounting.

B. Auditing Standards to be Followed

We will perform audit in accordance with:

i. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accounts;

ii. The standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States;

iii. The provisions of the Single Audit Act as amended in 1996; and

iv. The provisions of U. S. Office of Management and Budget (OMB) Circular A-133, A*udits of State and Local Governments* and *Non-Profit Organizations*.

C. Reports to be Issued

After the completion of audit, we will issue following reports:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on the internal control structure based on the auditors' understanding of the control structure and assessment of control risk.
3. A report on compliance with applicable laws and regulations.
4. An "in-relation-to" report on the schedule of federal financial assistance.
5. A report on the internal control structure used in administering federal financial assistance programs.
6. A report on compliance with specific requirements applicable to major federal financial assistance programs.
7. A report on compliance with specific requirements applicable to non-major federal financial assistance programs.
8. A report on compliance with general requirements for both major and non-major federal financial assistance programs.
9. Agreed-upon procedures reports regarding verification of the Gann limit.
10. Statistical tables in accordance with GASB 44.

In the required report(s) on internal controls, we will communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

We will also identify in our report, conditions that are reportable and also material weaknesses. In case we discover any non-reportable conditions, we will report in a separate letter to the management, including a reference in the report(s) on internal controls. We will include all material instances of a noncompliance in the report on compliance. In case of nonmaterial instances of a noncompliance we will report in a separate management letter.

D. Irregularities and Illegal Acts

We will make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which we become aware to the following parties: City Administrator; City Attorney; Chief Financial Officer and the City's Audit Committee.

E. Special Considerations

We understand that City is a victim of Missappropriation of funds. Our Engagement Partner, Mr. Sanwar harshwal is a Certified Fraud Examiner (CFE) which will benefit the City in recovering its funds in early and proper manner. We will take the required steps for the recovery of funds. Insurance coverage for the estimated loss amount will be checked. We will try to find that what direct losses are occuring, and find out whether the same fraud is carried on or not.

We will issue schedule of federal financial assistance and related auditor's report, as well as the reports on the internal controls and compliance separately and not as part of Comprehensive Annual Financial Report.

F. Working Paper Retention

We will retain all working papers and reports for a minimum of seven years unless we are notified in writing by City of Placentia of the need to extend the retention period. We will also make the working papers available upon request to City officials or their designees.

- City of Placentia
- U.S. Department of Transportation
- U.S. General Accounting Office (GAO)

In addition, we will respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

Proposed Segmentation of the Engagement

Proposed Audit Segmentation	Estimated Hours	Staff Level
Risk assessment procedures, including meetings with board members & staff, preliminary analytics, review minutes & design of audit procedures based on assessed risk	112	All Professionals
Document & evaluate internal control	65	Supervisor & Staff
Review of financial policies & procedures & review of documents for permanent files	52	Partner, Senior Manager, Supervisor & Staff
Substantive procedures & analytical review techniques including compliance testing for federal awards programs under OMB Circular A-133	96	Supervisor & Staff
Reporting – Report to governance & management advisory comments & review of the City prepared CAFR	48	All Professionals
Supervision, review & technical assistance	56	All Professionals
Client conferences & meetings to review audit report	36	Partner, Senior Manager & Supervisor
TOTAL	465	

Level of staff and number of hours to be assigned to each proposed segment of the engagement

Please see above segmentation table.

Sample size and the extent to which statistical sampling is to be used in the engagement

Sampling is a detailed audit of representative individual items selected from a population. Because the results can be extended to untested items, there is more benefit for the cost incurred. Our sampling approach is not typically designed around rigid computations, but instead allows for auditor judgment in designing an appropriate sampling approach for each circumstance. However, our firm has developed a sophisticated sampling approach that outlines methodology for determining sample size and evaluating results of the sampling process. Typically, judgmental rather than statistical sampling is used in our engagements.

The Audit Sampling Applications would be as follows:

Type of Audit Test	Common Examples in Governmental Engagements
Substantive Tests of Balances	➢ Confirmation of residential customer receivables of enterprise fund.
Substantive Tests of Transactions	➢ Vouching expenditures. *i.* Payroll. *ii.* Goods and services.
Tests of Controls	➢ Inspecting documents supporting transactions selected for substantive tests for indications of performance of controls procedures.
Tests of Compliance with Laws and Regulations	➢ Inspecting documents supporting expenditures charged to grant programs for compliance with laws and regulations.

The sample size would depend on the following:

Combined Assessment of Inherent Risk and Control Risk	Assessment of Other Procedures Risk		
	High	Moderate	Low
High	3.0	2.3	1.9
Moderate	2.3	1.6	1.2
Low	1.9	1.2	0.9

Based on above the sample size would be as follows:

Number of Deviations (Planned or Actual)	Sample Size		
	25	40	60
0	Moderate	Low	Low
1	Maximum	Moderate	Low
2	Maximum	Maximum	Moderate
3	Maximum	Maximum	Moderate

Extent of use of EDP Software in the Engagement

We envision an approach to auditing your computerized systems that consists of an examination of the controls within your technology infrastructure. This evaluation will report whether the information system safeguards assets, maintains data integrity and is operating effectively and efficiently to achieve your goals or objectives. We have an entire group of professionals dedicated to information technology and risk management that may be used on your engagement. We would also use the District's current hardware and software capabilities to facilitate an efficient process of accessing data from its system where possible for our audit procedures. Patel & Associates, LLP has found significant added value and increased efficiency in the use of computer-assisted auditing techniques (CAAT), including paperless audit software, an automated audit program system and a variety of electronic templates. Our innovative utilization of our EDP software provides us with the compatibility and ability to interface and support the basic UAN Workbench.

Our staff personnel carry portable equipment to download and format financial statements, from your systems, to satisfy acceptable report presentation format. The software utilized for the purpose will facilitate Random Number generation for samples, analytical ratios and variances for our Analytical Review Procedures.

Type and Extent of Analytical Review Procedures

Analytical procedures involve auditing a material assertion or account balance by investigating its relationship to an expectation such as other accounts, historical trends or other related measures. We recognize that stronger analytical procedures can reduce or eliminate other substantive procedures that are usually more time consuming. We would typically consider:

Ratio analysis – comparing relationships among account balances, ratios, nonfinancial data, budgets or industry averages.

Reasonableness tests – using financial and/or nonfinancial data to develop an expectation of an account balance.

Successfully using analytical procedures requires auditors to ask the questions:

- What is the risk of material misstatement?
- How would we find those misstatements?
- Have I gathered enough audit evidence?

We will use analytical procedures in general planning, audit program planning, and final overall review stage as follows:

SAS No. 56 describes the two broad uses of analytical procedures in audit planning as follows:

- *Enhancing the auditor's understanding of the City's business and the transactions and events that have occurred since the last audit date.*
- *Identifying areas that may represent specific risks relevant to the audit.*

Comparisons of account balances between accounting periods and ratio and trend analysis usually improve our understanding of your operations and may identify critical audit areas; e.g., comparing general and special revenue fund expenditures by functions and revenue by source for the past five years provides an understanding of your operations and may identify a revenue source that requires increased attention in the current audit. We will apply analytical procedures as an overall review of financial information in the final stage of the audit. These procedures would be designed to assist us in assessing the propriety of conclusions reached and in the evaluation of the overall financial statement presentation. This review would, among other procedures, include reading the financial statements and related notes.

Approach to be taken to Gain and Document an Understanding of the City's Internal Controls

As a component of developing our audit approach, we will spend considerable time documenting and testing the internal control structure used by the City and its related entities. This will include a multiphase approach as follows:

- We will ask the City's staff to update various industry-specific questionnaires designed to summarize your control structure. Then we will scrutinize the changes in your current structure and determine what key controls you have developed for each material control objective. During this process, we will look for gaps in your control structure and summarize recommendations for management and the Board of Education's consideration.
- As part of our audit, we will conduct a review of the City's information technology (IT) controls and security assessment to consider what controls you have implemented to protect the confidentiality, integrity and availability of your critical information assets and if those are operating as intended. This includes reviewing the design of your IT system security controls, as well as determining the effectiveness of these controls and security measures.

- Once all key controls have been identified, we will perform walk-throughs of those controls as required by Audit Standards. We will search for gaps in the operation of these controls and offer suggestions for improvement that we identify.
- We help you update and complete detailed duties grids specifically designed for government entities and challenge your assignment of various duties for potential segregation conflicts. We will perform additional walk-through procedures for areas where conflicts may exist but compensating controls have been developed. For conflicts that have not been mitigated, we will summarize the conflict and resulting risk, report our findings to management and the City's Board of Education and help you design control changes that would remove the conflict in a cost-beneficial manner.

The understanding of the pattern of information will be documented through the City's accounting system for each audit area identified as significant. For each significant audit area, we will document the flow of information for all transaction classes. We may also gain an understanding of certain control procedures related to significant audit areas while obtaining an understanding of the accounting system. We will obtain the information by inquiry of the City Personnel, observation of activities, inspection of documents and records.

Approach to be taken in determining laws, regulations, contracts and grants subject to audit test work

Identification of applicable laws and regulations will begin with an inquiry of the City's management as to their understanding of applicable laws and regulations. In addition, our reviews of various documents, indentures, agreements, etc., will be designed to further assess that all known laws and regulations are encompassed within the scope of the audit. We are experienced in auditing state and local governments and are familiar with the laws and regulatory environment in which you operate.

Work Schedule

Proposed Segmentation	Audit Schedule	Level of Staff
Audit Planning		
Entrance Conference	August 08, 2016	Partner, Senior Manager & Supervisor
Detailed Audit Plan and a list of schedules prepared by city personnel	August 12, 2016.	All Professionals
Interim Field Work	August 22, 2016 to September 02, 2016	Partner, Senior Manager, Supervisor & Staff
Field Work		
Start of Year End Field Work	October 03, 2016	Supervisor & Staff
End of Year End Field Work	October 21, 2016	Supervisor & Staff
Reporting		
Exit Conference	October 28, 2016	All Professionals
Draft Report	November 04, 2016.	Partner, Senior Manager & Supervisor
Final Audit Reports	November 25, 2016	All Professionals

This timeline is dependent on the availability of your personnel and is subject to the anticipated closing dates of your accounting records.

Identification of Anticipated Potential Audit Problems

We do not anticipate any potential audit issues. If issues such as the ones identified below occur, they would be dealt with appropriately.

Possible Reasons for Potential Audit Problems:

- Audit Difference - The difference between the accounting records and the evidence obtained in field work will be summarized and evaluated at the end of the engagement. This would not include minimal adjusting entries but any difference between the City's estimate and our acceptable range for each estimate.
- Prior Year's Misstatements
- Risk of Further Misstatement
- Reportable Conditions
- Material Weaknesses
- Irregularities and Illegal Acts

If there is a discrepancy between the accounting records and other evidential matter (e.g. no supporting documentation or no apparent authorization for a transaction, or discovery of documents for transactions that are not recorded), we would consider how and why they might have occurred and investigate further. If the investigation leads us to believe there may have been an irregularity or illegal act, we would do the following:

Obtain an understanding of the matter and consider the possible effects on the financial statements and auditor's report (including the need for adjustments and for disclosure of illegal acts and any related contingencies, or the need for a report modification if necessary financial statement adjustments or disclosures are not made or because of an uncertainty or a scope limitation, depending on the circumstances);

1. Discuss the matter and the need for any further investigation with an appropriate level of management at least one level above those involved;
2. Consult with the City's legal counsel on any questions of law and on the course of action the client should take;
3. Consider the implications for other aspects of the audit; e.g. reliance on management's representations; and
4. Written reports of all irregularities and illegal acts or indication of illegal acts would be submitted to appropriate authority.

Response to City Standard Two-Party Agreement

We have read the City's standard two-party agreement and its terms and conditions. We accept all of them without any objections and modifications.

EXHIBITS

Peer Review Certificate

MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

SYSTEM REVIEW REPORT

To the Managing Partner
Patel and Associates, LLP
and the Peer Review Committee of the CalCPA Peer Review Program

We have reviewed the system of quality control for the accounting and auditing practice of Patel and Associates, LLP (the firm) in effect for the year ended May 31, 2014. 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. As part of our review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Patel and Associates, LLP in effect for the year ended May 31, 2014, 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*. Patel and Associates, LLP has received a peer review rating of *pass*.

Mann Urrutia Nelson CPAs

Sacramento, California

October 29, 2014

California License

State of California
Department of Consumer Affairs

California Board of Accountancy

Pursuant to the provisions of Chapter 1, Division 3 of the Business and Professions Code, the firm of

PATEL & ASSOCIATES, "LLP"

is duly registered and entitled to practice as a partnership of

Certified Public Accountants

in the State of California

In Witness Whereof, the President and Secretary-Treasurer affix their hands and the seal of the California Board of Accountancy

on this ninth day of April, 2014

PRESIDENT

SECRETARY-TREASURER

PAR 7630

STATE OF CALIFORNIA
dca
DEPARTMENT OF CONSUMER AFFAIRS