

**SERVICES AGREEMENT BETWEEN
THE CITY OF SUNNYVALE AND MAZE & ASSOCIATES CORPORATION FOR
ANNUAL INDEPENDENT FINANCIAL AUDIT SERVICES**

THIS AGREEMENT dated _____ is by and between the CITY OF SUNNYVALE, a California chartered municipal corporation ("CITY"), and MAZE & ASSOCIATES CORPORATION ("AUDITOR"), A California Corporation.

WHEREAS, CITY is in need of Annual Independent Financial Audit Services; and

WHEREAS, CITY advertised a Request for Proposals (RFP) on February 3, 2023, for Annual Independent Financial Audit Services; and

WHEREAS, AUDITOR submitted a proposal on March 3, 2023; and

WHEREAS, CITY accepted AUDITOR's proposal submitted on March 3, 2023; and

WHEREAS, in reliance upon AUDITOR's representations regarding its qualifications, CITY finds that AUDITOR possesses the skill and expertise to provide the required services;

NOW, THEREFORE, THE PARTIES ENTER INTO THIS AGREEMENT.

1. Contract Documents

The complete Contract consists of the following documents: Exhibit A, Scope of Services; Notice Inviting Proposals; Instructions to Proposers; Specifications; Terms and Conditions; and AUDITOR's completed Proposal. These documents are all incorporated herein by reference. All exhibits, including all associated attachments, are attached hereto and incorporated herein by reference. The documents and exhibits comprising the complete contract are collectively referred to as the Contract Documents.

Any and all obligations of the CITY and the AUDITOR are fully set forth and described therein.

All of the above documents are intended to cooperate so that any work called for in one and not mentioned in the other or vice versa is to be executed the same as if mentioned in all documents.

2. Services by AUDITOR

It is understood and agreed that tools, equipment, apparatus, facilities, labor, transportation, and material shall be furnished and work performed and completed as required in the bid documents under the sole direction and control of the AUDITOR, and subject to approval of the City.

3. Time for Performance

The term of this Agreement shall be from the date of execution through June 30, 2027, unless otherwise terminated in accordance with Section 16 below. The schedule of performance Exhibit A-1 may be revised by the mutual agreement of AUDITOR and the CITY. Extensions of time may be granted by the City Manager as an amendment in accordance with Section 17 below.

4. Compensation

In no event shall the total amount of compensation paid by CITY to AUDITOR under this agreement exceed the sum of Six Hundred Eighty-Three Thousand Two Hundred Fifteen and 00/100 Dollars (\$683,215.00), unless upon written modification of this Agreement. AUDITOR shall submit invoices to CITY no more frequently than monthly for services provided to date, and in accordance with the compensation schedule outline in Exhibit "B". All invoices, including detailed backup, shall be sent to City of Sunnyvale, attention Accounts Payable, P.O. Box 3707, Sunnyvale, CA 94088-3707 or accountspayable@sunnyvale.ca.gov. Payment shall be made within thirty days upon receipt of an accurate itemized invoice by CITY's Accounts Payable unit.

5. Wage Rates

AUDITOR shall comply with the minimum wage provisions set forth in Section 3.80.040 of the Sunnyvale Municipal Code.

6. Conflict of Interest

AUDITOR shall avoid all conflicts of interest, or appearance of conflict, in performing the services and agrees to immediately notify CITY of any facts that may give rise to a conflict of interest. AUDITOR is aware of the prohibition that no officer of CITY shall have any interest, direct or indirect, in this Agreement or in the proceeds thereof. During the term of this Agreement AUDITOR shall not accept employment or an obligation which is inconsistent or incompatible with AUDITOR's obligations under this Agreement.

7. Confidential Information

AUDITOR shall maintain in confidence and at no time use, except to the extent required to perform its obligations hereunder, any and all proprietary or confidential information of CITY of which AUDITOR may become aware in the performance of its services.

8. Compliance with Laws

- A. AUDITOR shall not discriminate against, or engage in the harassment of, any City employee or volunteer or any employee of AUDITOR or applicant for employment because of an individual's race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or veteran or military status, or any other protected characteristic in violation of federal or state law. This prohibition shall apply to all of AUDITOR's employment practices and to all of AUDITOR's activities as a provider of services to the City.
- B. AUDITOR shall comply with all federal, state and city laws, statutes, ordinances, rules and regulations and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of the Agreement.

9. Independent AUDITOR

AUDITOR is acting as an independent contractor in furnishing the services or materials and performing the work required by this Agreement and is not an agent, servant or employee of CITY. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between CITY and AUDITOR. AUDITOR is responsible for paying all required state and federal taxes.

10. Indemnity

To the fullest extent permitted by law, AUDITOR shall indemnify, defend, and hold harmless the CITY, its officers, officials, employees and volunteers from and against all claims, damages, losses and expenses, including attorney fees, arising out of the performance of the services described herein, caused in whole or in part by any negligent act or omission of AUDITOR, any sub AUDITOR, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence or willful acts of the CITY. The defense and indemnification obligations of this agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this agreement. AUDITOR's responsibility for such defense and indemnity obligations shall survive the termination or completion of this agreement.

11. Insurance

The City requires that AUDITOR maintain insurance requirements on the Pacific Insurance Network System (PINS). AUDITOR shall take out and maintain during the life of this Agreement policies of insurance as specified in Exhibit "C" attached and incorporated by reference, and shall provide all certificates or endorsements as specified in Exhibit "B" through PINS for approval by the City Risk Manager prior to AUDITOR (or sub AUDITOR) commencing any work under this Agreement.

12. CITY Representative

Dennis Jaw, Assistant Finance Director, as the City Manager's authorized representative ("CITY representative"), shall represent CITY in all matters pertaining to the services to be rendered under this Agreement. All requirements of CITY pertaining to the services and materials to be rendered under this Agreement shall be coordinated through the CITY representative.

13. AUDITOR Representative

Grace Zhang, CPA Engagement Partner, shall represent AUDITOR ("AUDITOR's representative") in all matters pertaining to the services and materials to be rendered under this Agreement; all requirements of AUDITOR pertaining to the services or materials to be rendered under this Agreement shall be coordinated through the AUDITOR representative.

14. Notices

All notices required by this Agreement, other than invoices for payment which shall be sent directly to Accounts Payable, shall be in writing, and sent by first class with postage prepaid, or sent by commercial courier, to addressed below.as follows:

Nothing in this provision shall be construed to prohibit communication by more expedient means, such as by email, to accomplish timely communication. Each party may change the address by written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of three business days after mailing.

To CITY: Dennis Jaw, Assistant Finance Director
Finance Department
CITY OF SUNNYVALE
P. O. Box 3707
Sunnyvale, CA 94088-3707

To AUDITOR: Maze & Associates Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill 94523

15. Assignment

Neither party shall assign or sublet any portion of this Agreement without the prior written consent of the other party.

16. Termination

- A. If AUDITOR defaults in the performance of this Agreement, or materially breaches any of its provisions, CITY at its option may terminate this Agreement by giving written notice to AUDITOR. In the event of such termination, AUDITOR shall be compensated in proportion to the percentage of satisfactory services performed or materials furnished (in relation to the total which would have been performed or furnished) through the date of receipt of notification from CITY to terminate. AUDITOR shall present CITY with any work product completed at that point in time.
- B. Without limitation to such rights or remedies as CITY shall otherwise have by law, CITY also shall have the right to terminate this Agreement for any reason upon ten (10) days' written notice to AUDITOR. In the event of such termination, AUDITOR shall be compensated in proportion to the percentage of services performed or materials furnished (in relation to the total which would have been performed or furnished) through the date of receipt of notification from CITY to terminate. AUDITOR shall present CITY with any work product completed at that point in time.
- C. If CITY fails to pay AUDITOR, AUDITOR at its option may terminate this Agreement if the failure is not remedied by CITY within 30 days after written notification of failure to pay.

17. Entire Agreement; Amendment

This writing constitutes the entire agreement between the parties relating to the services to be performed or materials to be furnished hereunder. No modification of this Agreement shall be effective unless and until such modification is evidenced by writing as an amendment to this Agreement signed by all parties. If the amendment is signed electronically, the digital signatures must comply with the requirements of California Government Code Section 16.5.

18. Governing Law, Jurisdiction and Venue

This Agreement shall be governed by and construed in accordance with the laws of the State of California, excluding its conflict of law principles. Proper venue for legal actions will be exclusively vested in a state court in the County of Santa Clara. The parties agree that subject matter and personal jurisdiction are proper in state court in the County of Santa Clara, and waive all venue objections.

19. Miscellaneous

Time shall be of the essence in this Agreement. Failure on the part of either party to enforce any provision of this Agreement shall not be construed as a waiver of the right to compel enforcement of such provision or any other provision.

IN WITNESS WHEREOF, the parties have executed this Agreement.

CITY OF SUNNYVALE ("CITY")

MAZE & ASSOCIATES CORPORATION
("AUDITOR")

By _____
City Manager

By _____

Name and Title

ATTEST:

By _____
City Clerk

By _____

Name and Title

APPROVED AS TO FORM:

By _____
City Attorney

Exhibit A
Scope of Services

NATURE OF SERVICES REQUIRED

A. Scope of Services

The City of Sunnyvale desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles.

The auditor is not required to audit the combining and individual fund financial statements and supporting schedules. However, the auditor is to provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. The auditor is not required to audit the introductory section of the report or the statistical section of the report.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The City of Sunnyvale also desires the auditor to perform certain other audit and attest engagements. (Refer to Section C, Audit Reports to be Issued, for scope of work in more detail.). Additional support with financial tasks and auditing review for the Department of Finance or City of Sunnyvale may be required during the term of the agreement.

B. Auditing Standards

To meet the requirements of this request for proposals, the audits shall be performed in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the provisions of the Single Audit Act; the audit requirements of Title 2, U.S. Code of Federal Regulations part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and the provisions of U.S. Office of Management and Budget (OMB), Audits of State and Local Governments and Non-Profit Organizations. Any revisions to these standards must be followed by the auditor.

C. Audit Reports to be Issued

The auditor shall issue the following reports:

1. Annual Comprehensive Annual Financial Report (ACFR)

City staff prepares the first draft of the ACFR. The auditor shall issue a report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.

2. Federal Financial Assistance Programs - Single Audit

City staff prepares the draft Schedule of Expenditures of Federal Awards (SEFA) for the auditor to plan the audit. City staff also validates the draft Data Collection Form after the SEFA is finalized and uploaded to the Federal Audit Clearinghouse (FAC). The auditor shall prepare the Single Audit Report in accordance with the generally accepted government auditing standards and certify the Data Collection Form.

3. Transportation Development Act Article III Fund

City staff prepares documents to be audited. The auditor shall prepare an audit report in accordance with the TDA section of the California Administrative Code.

4. Gann Limit

The auditor shall prepare a report on agreed-upon procedures applied to Appropriations Limit Worksheets prepared by City staff.

5. Sunnyvale Financing Authority

City staff prepares the financial statements. The auditor shall prepare an audit report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.

6. Sunnyvale Materials Recovery and Transfer Station (SMaRT®) Audit

City staff (Environmental Services) prepares the Year-End Reconciliation of Projected vs. Actual Net Expenditures for the auditor to plan the audit. The auditor shall prepare an audit report, including an opinion as to whether the allocation of revenues and expenditures complies with the provisions of the Second Memorandum of Understanding among the cities of Mountain View and Sunnyvale.

7. Sunnyvale Retiree Healthcare Plan

City staff prepares documents to be audited. The auditor shall prepare an audit report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.

8. Independent Quarterly Audit as required by City Charter 1318

Three times throughout the year a specified public funds disbursement audit will be conducted on agreed-upon procedures. A write-up of findings and recommendations will be provided and an exit interview held in person or via virtual meeting. The audit details include, but are not limited to, the following:

- The audit will perform surprise cash counts at 2 – 3 locations and a limited review of a subject area related to cash handling (such as travel expenses, payments to City staff, etc.).

- The quarterly audits will require approximately 2 days on-site generally in or around November, March and July.
- The quarterly audits are conducted immediately retrospective to the time period covered (July – Oct; Nov – Feb; Mar – June). The proposal should include coverage for the quarterly audits for the fiscal year immediately following the last fiscal year. For example, the current 5-year proposal should provide for the quarterly audits beginning in FY 2022-23 through and including FY 2026-27. Should the contract be extended the quarterly audit for the fiscal year immediately following the final year should also be included in the extension.

9. Report to the City Council

The auditor shall report control deficiencies and noncompliance identified in the annual financial audit in a separate report to the City Council and management, in accordance with generally accepted auditing standards.

In the required reports on compliance and internal controls, the auditor shall communicate any significant deficiency or material weakness found during the audit. A significant deficiency shall be defined as a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. A material weakness shall be defined as a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. Significant deficiencies that are also material weaknesses shall be identified as such in the report. In addition, the auditors shall be required to prepare an immediate written report of all **irregularities and illegal acts** or indications of illegal acts of which they become aware to the Sunnyvale City Manager and Director of Finance.

1. Awards

The City will send its annual comprehensive financial report (ACFR) to the Government Finance Officers Association of the United States and Canada (GFOA) for review in their Certificate of Achievement for Excellence in Financial Reporting program. The City has been awarded this certificate of excellence for the past 26 years. The auditor shall review the City's ACFR to ensure compliance with the requirements of the GFOA award program

D. Technical Assistance

1. Technical Assistance

Upon the City's request and subject to compliance with independence standards, the auditor shall provide a reasonable amount of technical assistance with implementing new governmental accounting/reporting standards during the contract period, not to exceed 40 hours per year. technical

E. Special Consideration Items

1. Debt Issuance

The City currently anticipates it will prepare one or more official statements in connection with the sale or refinancing of debt securities, which will contain the general-purpose financial statements and the relevant auditor's report. The auditor shall, if requested by the fiscal advisor and/or underwriter, issue a "consent and citation of expertise" and any necessary "comfort letters."

2. ACFR Final Draft Preparation

Upon the City's request, the auditor shall agree to organize, format, and assemble the final draft of the ACFR in pdf format in a condition that is acceptable for public presentation of the document.

F. Working Paper Retention and Access to Working Papers

At the auditor's expense, all working papers and reports shall be retained for a minimum of seven (7) years from the end of the fiscal year to which they apply or for a different period of time if so notified in writing by the City. The auditor shall make working papers available, upon request, to the following parties or their designees:

- City of Sunnyvale;
- U. S. Department of Housing and Urban Development (HUD);
- U. S. Government Accountability Office (GAO);
- Parties designated by the federal or state governments or by the City of Sunnyvale as part of an audit quality review process;
- Auditors of entities of which the City is a sub-recipient of grant or loan funds;
- US Treasury;
- State of California Office of the State Controller.

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

II. DESCRIPTION OF THE CITY OF SUNNYVALE

A. Contact Persons

The auditor's principal contact with the City will be Dennis Jaw, Assistant Director of Finance, or a designated representative, who will coordinate the assistance to be provided to the City's auditor. Mr. Jaw's contact information is as follows:

Dennis Jaw, Assistant Director of Finance
650 West Olive Avenue
PO Box 3707

Sunnyvale, California 94088-3707
(408) 730-7603
djaw@sunnyvale.ca.gov

B. Background Information

The City of Sunnyvale, California, is an industrial/residential community located 40 miles south of San Francisco with an employment base of approximately 115,000. Sunnyvale is generally considered the heart of Silicon Valley, with high-tech companies comprising the majority of Sunnyvale's industrial sector. The City was incorporated in 1912 and became a Charter City on May 18, 1949. It operates under a Council/Manager form of government. The seven-member City Council appoints a City Manager and a City Attorney. The City Manager appoints all other employees (with the exception of the City Attorney's staff) according to provisions of the City Charter and the Civil Service Rules and Regulations.

Sunnyvale's current population is over 156,000 within 24 square miles of the City. The City provides the full range of municipal services contemplated by its Charter. The City has approximately 938 full-time equivalent employees working in the following operating departments: Community Development, Environmental Services, Finance, Human Resources, Information Technology, Library and Recreation Services, NOVA Workforce Services, Office of the City Attorney, Office of the City Manager, Public Safety, and Public Works.

In addition to its function as the governing body of the City, the Sunnyvale City Council acts as the governing body for two additional entities: the Sunnyvale Financing Authority and the Community Facilities District. These entities are more fully described under "Component Units".

The City maintains budgetary control at the program level. However, the City's concept of budgetary control involves more than financial control of appropriations. The City's Planning and Management System (PAMS) establishes or revises the City's General Plan goals and objectives through the coordinated efforts of citizens, the City Council, Boards and Commissions, program managers and employees. The General Plan is the City's highest legislative policy and all actions taken must be consistent with it.

The City prepares a detailed operating and capital budget on alternating two-year cycles. Operating appropriations lapse at the end of the fiscal year. Approved appropriations for capital improvement projects will not lapse at the end of the fiscal year, unless completed, closed out or Council takes action to modify.

More detailed information about Sunnyvale and its finances can be found in the annual comprehensive financial report (ACFR) for the year ended June 30, 2022 and in the FY 2022/2023 Resource Allocation Plan (Budget).

The ACFR is available at the following hyperlink address: [Sunnyvale ACFR Report](#)

The City budget is available at following hyperlink address :[Sunnyvale Budget Reports](#)

C. Fund Structure

The accounts of the City are organized on the basis of fund accounting. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise

its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds, based upon the purpose for which they are to be spent and the means by which spending activities are controlled. As of July 1, 2022, various funds of the City are grouped into three broad fund types for external financial reporting:

Governmental Funds

- General Fund (1)
- Special Revenue Funds (13)
- Permanent Funds (2)
- Debt Service Funds (1)
- Capital Project Funds (3)

Proprietary Funds

- Enterprise Funds (6)
- Internal Service Funds (3)

Fiduciary Funds

- Agency Funds (3)
- Private-Purpose Trust Fund (2)

The following are kept on the City's general ledger to be used for the preparation of the government-wide financial statements:

Fund Accounts

- Citywide Investment Portfolio (1)
- General Long Term Debt and Liabilities (1)

Refer to the ACFR for more details. Please note that this is the fund structure as of the date of this request for proposals.

D. Budgetary Basis of Accounting

Budgets are legally adopted for all Governmental Funds as the primary means of spending control. Budgets are also adopted for all Proprietary Funds as financial plans.

Budgets for the governmental fund types are adopted based on the generally accepted accounting principles (GAAP) with some exceptions.

E. Federal Financial Assistance

The City receives grant funds from various federal agencies, primarily on a cost-reimbursement basis. Copies of the City's Data Collection forms are available at [Federal Audit Clearinghouse - Home \(census.gov\)](https://www.census.gov) and Single Audit reports are available at: [Sunnyvale Single Audit Report](#). In addition to Department of Housing and Urban Development and Department of Transportation funding allocations common to cities, Sunnyvale also receives significant federal funding from Department of Labor to act as the administrative entity for the North Valley (NOVA) Job Training Consortium.

F. Pension Plans

The City contributes to the California Public Employees' Retirement System (PERS), a multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California.

G. Component Units

The Sunnyvale Financing Authority was formed in 1992 to finance the acquisition and construction of various City facilities.

The financial activities of the Sunnyvale Financing Authority Districts are reported as a blended component unit in the City's ACFR.

The City also has two Community Facilities Districts. The two CFDs were formed to provide financing mechanisms for public improvements. One CFD is for the construction of parking facilities, and the second is for storm water collection and treatment facilities. The City's financial role with each District is fiduciary in nature where the same members of the City Council also serve as the governing board.

H. Finance Operations

Tim Kirby serves as Director of the Department of Finance. The Department of Finance consists of six (6) divisions and 56 employees. These divisions and the functions they serve are as follows:

Administration & Business Systems

- General Administration
- Payroll
- Financial Systems

Purchasing

- Procurement
- Central Stores
- Print, Copy, and Mail Center

Accounting & Cash Management

- Accounting
- Accounts Payable
- Debt & Investments
- Cash Management

Budget

- Budget Development
- Budget Monitoring

Revenue Management

- Accounts Receivable

- Revenue Monitoring

Utility Billing

- Utility Billing for water, sewer and refuse collection.
- Business License
- Cashiering

The City maintains its accounting records in Oracle Fusion, cloud-based software. Oracle Fusion is a fully integrated enterprise resource planning system. The system has Procurement, Store Inventory, Accounts Payable, Accounts Receivable, Project Management, Fixed Assets, Cash Management, Payroll and General Ledger modules. The City implemented Oracle ERP Financials in February 2021, excluding payroll. Human Resources/Payroll module with full integrated functionality referred as Human Capital Management (HCM) is currently in the system configuration and testing phase and anticipated to go live in 2023.

Until the HCM implementation is complete, the City processes payroll through ePersonality 5.05, a stand-alone software application produced by Highline. The payroll output is interfaced with the general ledger.

The City has a contract agreement with Chandler Asset Management to manage the City's investment portfolio for the past three fiscal years.

Utility billing for water, sewer and refuse collection is handled by Sunguard HTE Public Sector Software.

The City's accounting and financial reporting functions are centralized. Physical and electronic accounting records are on-site in the Department of Finance. Some supporting information may be located in other departments or in storage files maintained off-site.

The City has been audited by the firm of Macias Gini & O'Connell LLP (MGO) for the last nine fiscal years, ending June 30, 2022.

III. TIME REQUIREMENTS

A. Anticipated Audit Engagement Schedule

Contract awarded by City Council	TBD
Contract executed	TBD
Entrance conference	TBD
Commencement of interim field work	May 31, 2023
Detailed year-end audit plan	June 30, 2023
Commencement of final field work	November 3, 2023

Completion of field work/exit conference November 13, 2023

Receipt of drafts of management letter
and audit reports November 27, 2023

Receipt of final management letter
and audit reports December 1, 2023

A similar time schedule will be developed for audits of future fiscal years if the City exercises its option for additional audits. Listed below is the anticipated report issuance timeline covering five fiscal years.

Report Name	FY 2023 Issue by	FY 2024 Issue by	FY 2025 Issue by	FY 2026 Issue by	FY 2027 Issue by
General Purpose Financial Statement Audit	12/1/2023	12/2/2024	12/1/2025	12/1/2026	12/1/2027
Report to the City Council	12/1/2023	12/2/2024	12/1/2025	12/1/2026	12/1/2027
Quarterly Cash Audit	12/1/2023	12/2/2024	12/1/2025	12/1/2026	12/1/2027
SMaRT Station Audit Report	9/15/2023	9/16/2024	9/15/2025	9/15/2026	9/15/2027
Sunnyvale Financing Authority Audit	12/1/2023	12/2/2024	12/1/2025	12/1/2026	12/1/2027
Gann Appropriation Limit	TBD	TBD	TBD	TBD	TBD
Transportation Development Act	12/29/2023	12/28/2024	12/30/2025	12/30/2026	12/30/2027
Single Audit	12/29/2023	12/28/2024	12/30/2025	12/30/2026	12/30/2027
Sunnyvale Retiree Healthcare Plan	12/29/2023	12/28/2024	12/30/2025	12/30/2026	12/30/2027

Upon completion of the audit examination and prior to issuing any audit reports and the management letter, the auditor will participate in an exit conference with the Director of Finance, Assistant Director of Finance, Finance Manager, and staff responsible for the accounting function to discuss observations, findings and recommendations. During the course of the engagement, the auditor will meet with and provide progress reports to the Assistant Director of Finance, Finance Manager or assigned staff responsible for the accounting function on a regular basis. The auditor should also be available to meet with the Director of Finance or Assistant Director of Finance through the year, as needed to provide consultation on various accounting and auditing matters.

IV. RESPONSIBILITIES

A. Finance Department Assistance

Department of Finance staff and responsible management personnel will be available during the audit to assist the auditor by providing information, documentation, and explanations; and preparing schedules as needed.

The City will be responsible for the physical preparation of audit confirmation letters.

A. Work Area, Remote Access

The City will provide the auditor with reasonable workspace, desks and chairs when onsite. The City staff will be available assist when auditor working remotely or onsite during the normal work hours. The auditor will also be provided with reasonable view only access to Oracle Fusion ERP for inquiry.

B. Year end Schedule and Report Preparation

The preparation of the financial statements shall be the responsibility of the City. The auditor is independent of the City's internal control over financial reporting. Annually at the month of May, the Finance Manager prepares a Year-End Closing Schedule, including a list of key dates of anticipated progress of ACFR and other external financial reports for the next seven-month period. The auditor shall plan the audit accordingly.

C. Progress Payments

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred during the performance of the work. Interim billing shall cover a period of not less than a calendar month.

**Exhibit A-1
Project Schedule**

Task	Responsible	Dates
Provide a listing of client prepared schedules (CPS) documents required for interim fieldwork	Auditor	TBD
Perform Interim audit field work	Auditor	TBD
Provide a comprehensive CPS listing for final audit fieldwork for all reports	Auditor	6/30/2023
Begin Smart Station audit field work	Auditor	8/15/2023
Provide Smart Station audit report draft	Auditor	8/30/2023
Issue Smart Station Audit report	Auditor	9/15/2023
Provide trial balance to auditor	City (Accounting) staff	10/6/2023
Submit CPS listing documents	City (Accounting) staff	10/9/2023
Begin final audit field work	Auditor	10/9/2023
Submit Fund (draft) financials statements to auditor	City (Accounting) staff	10/16/2023
Provide analytical review queries	Auditor	10/23/2023
Submit financials statements Sunnyvale Financing Authority	City (Accounting) staff	10/26/2023
Submit Fund basic financials statements and footnotes (draft) to auditor	City (Accounting) staff	10/30/2023
End Final audit field work	Auditor	11/3/2023
Submit a complete draft of ACFR, including all sections	City (Accounting) staff	11/13/2023
Issuance of reports	Auditor	12/1/2023
Issue Single Audit report	Auditor	12/29/2023
MTC/TDA Audit	Auditor	12/29/2023
Sunnyvale Retiree Healthcare Plan	Auditor	12/29/2023

Task completion dates may change after mutually agreed upon by the City staff and Auditor.

TOTAL ALL-INCLUSIVE MAXIMUM PRICE

Certification

Grace Zhang and Whitney Crockett are authorized to submit this proposal and negotiate and sign a contract with the City of Sunnyvale. Our offer is firm and irrevocable for a period of 90 days from the date of this proposal.

Total Cost of Audit

Our Estimated All-Inclusive Maximum Prices for the services mentioned above for the year ended June 30, 2023, are detailed at the end of this section. Our Total All-inclusive Maximum Prices for the services are firm fixed fees.

What Our Price Includes

Our price includes all the basic audit work and reports, statements and other deliverables specified in your request for proposal. Our price also includes the items below at **no additional cost**:

- 1) Year-round support and telephone consultation on pertinent issues affecting your City,
- 2) Copies of our journal entries and our leadsheets used to support the amounts in your financial statements,
- 3) **Free full day of training** at our annual MazeLive event,
- 4) Active Partner involvement in your work **every year**,
- 5) Our typed Interim Audit Checklist,
- 6) Our typed Annual Closing Checklist,
- 7) Our typed interim Accounting Issues Memorandum,
- 8) Overviews and summaries of upcoming pronouncements and regulations affecting the audited financial statements.
- 9) Direct dump of general ledger data into our ProSystems trial balance software which is fully linked to financial statement formats.

Fees and Billings

Our fees are firm fixed prices. In determining our fees, we understand that the City's records will be in condition to be audited; that is, transactions will be properly recorded in the general ledger and subsidiary records, these accounting records and the original source documents will be readily available to use, we will be furnished with copies of bank reconciliations and other reconciliations and analyses prepared by the City and City personnel will be reasonably available to explain procedures, prepare audit correspondence and obtain files and records.

We do not post separate rate structures for municipal audit work. We view this work as being every bit as important and valuable as the work we perform for other clients and we put our best people on it. Any consulting work you request will be performed at the same rates as our audit work.

TOTAL ALL-INCLUSIVE MAXIMUM PRICE (Continued)

Attachment C

**CITY OF SUNNYVALE
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES (A)**

Service	Hours	Fiscal Year					Total Cost
		2023	2024	2025	2026	2027	2023-2027
Financial Statements Audit (ACFR)							
Partner	40	12,000	12,480	12,979	13,498	14,038	64,996
Manager	50	10,000	10,400	10,816	11,249	11,699	54,163
Supervisor	180	21,600	22,464	23,363	24,297	25,269	116,993
Audit Staff	540	43,200	44,928	46,725	48,594	50,538	233,985
Prior Issuranc Review	8	480	499	519	540	562	2,600
Admin	8	480	499	519	540	562	2,600
Subtotal	826	\$ 87,760	\$ 91,270	\$ 94,921	\$ 98,718	\$ 102,667	\$ 475,336
Quarterly Cash AUP							
Partner	2	600	624	649	675	702	3,250
Supervisor	12	1,440	1,498	1,558	1,620	1,685	7,800
Audit Staff	48	3,840	3,994	4,153	4,319	4,492	20,799
Admin	3	180	187	195	202	211	975
Subtotal	65	\$ 6,060	\$ 6,302	\$ 6,554	\$ 6,817	\$ 7,089	\$ 32,823
SMaRT Station Audit Report							
Partner	4	1,200	1,248	1,298	1,350	1,404	6,500
Manager	4	800	832	865	900	936	4,333
Supervisor	16	1,920	1,997	2,077	2,160	2,246	10,399
Audit Staff	40	3,200	3,328	3,461	3,600	3,744	17,332
Prior Issuranc Review	2	120	125	130	135	140	650
Admin	2	120	125	130	135	140	650
Subtotal	68	\$ 7,360	\$ 7,654	\$ 7,961	\$ 8,279	\$ 8,610	\$ 39,864
Sunnyvale Financing Authority Audit (SPFA)							
Partner	2	600	624	649	675	702	3,250
Manager	4	800	832	865	900	936	4,333
Supervisor	16	1,920	1,997	2,077	2,160	2,246	10,399
Audit Staff	40	3,200	3,328	3,461	3,600	3,744	17,332
Prior Issuranc Review	2	120	125	130	135	140	650
Admin	2	120	125	130	135	140	650
Subtotal	66	\$ 6,760	\$ 7,030	\$ 7,312	\$ 7,604	\$ 7,908	\$ 36,614
GANN Appropriation Limit AUP							
Partner	1	300	312	324	337	351	1,625
Supervisor	1	120	125	130	135	140	650
Audit Staff	4	320	333	346	360	374	1,733
Admin	1	60	62	65	67	70	325
Subtotal	7	\$ 800	\$ 832	\$ 865	\$ 900	\$ 936	\$ 4,333
Transportation Development Act (TDA)							
Partner	1	300	312	324	337	351	1,625
Manager	2	400	416	433	450	468	2,167
Supervisor	8	960	998	1,038	1,080	1,123	5,200
Audit Staff	32	2,560	2,662	2,769	2,880	2,995	13,866
Prior Issuranc Review	1	60	62	65	67	70	325
Admin	1	60	62	65	67	70	325
Subtotal	45	\$ 4,340	\$ 4,514	\$ 4,694	\$ 4,882	\$ 5,077	\$ 23,507

(Continued)

TOTAL ALL-INCLUSIVE MAXIMUM PRICE (Continued)

Attachment C (Continued)

**CITY OF SUNNYVALE
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES (A)
(Continued)**

Service	Hours	Fiscal Year					Total Cost
		2023	2024	2025	2026	2027	2023-2027
Sunnyvale Retirement Healthcare Plan Audit							
Partner	4	1,200	1,248	1,298	1,350	1,404	6,500
Manager	8	1,600	1,664	1,731	1,800	1,872	8,666
Supervisor	16	1,920	1,997	2,077	2,160	2,246	10,399
Audit Staff	40	3,200	3,328	3,461	3,600	3,744	17,332
Prior Issuranc Review	2	120	125	130	135	140	650
Admin	2	120	125	130	135	140	650
Subtotal	72	\$ 8,160	\$ 8,486	\$ 8,826	\$ 9,179	\$ 9,546	\$ 44,197
Single Audit (Each Major Program)							
Partner	4	1,200	1,248	1,298	1,350	1,404	6,500
Supervisor	8	960	998	1,038	1,080	1,123	5,200
Audit Staff	32	2,560	2,662	2,769	2,880	2,995	13,866
Prior Issuranc Review	2	120	125	130	135	140	650
Admin	1	60	62	65	67	70	325
Subtotal	47	\$ 4,900	\$ 5,096	\$ 5,300	\$ 5,512	\$ 5,732	\$ 26,540
Total All Inclusive Price	2,392	\$ 126,140	\$ 131,186	\$ 136,433	\$ 141,890	\$ 147,566	\$ 683,215

Notes:

(A) Out-of-pocket expenses are included in our standard hourly rate.

EXHIBIT C INSURANCE REQUIREMENTS

AUDITOR shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work by the AUDITOR, their agents, representatives, or employees.

Minimum Scope and Limits of Insurance. AUDITOR shall maintain limits not less than:

1. **Commercial General Liability:** coverage written on an occurrence basis with limits not less than \$2,000,000 per occurrence and \$1,000,000 aggregate for bodily injury, personal injury and property damage. ISO Occurrence Form shall be at least as broad as CG 0001.
2. **Automobile Liability:** coverage with a combined single limit of not less than \$1,000,000 per occurrence applying to all owned, non-owned, or hired vehicles used in conjunction with this contract for bodily injury and property damage. ISO Form shall be at least as broad as CA 0001.
3. **Workers' Compensation:** Statutory Limits and **Employer's Liability:** \$1,000,000 per accident for bodily injury or disease.

Industry Specific Coverages. If checked below, the following insurance is also required:

- Professional Liability / Errors and Omissions Liability coverage** with limits not less than \$2,000,000 per occurrence or claim.
- Valuable Papers and Electronic Data Processing** with limits not less than \$10,000 each.

Deductibles, Self-Insured Retentions and Other Coverages:

Any deductibles or self-insured retentions must be declared and approved by the City of Sunnyvale, Risk Manager. The AUDITOR shall guarantee payment of any losses and related investigations, claim administration and defense expenses within the deductible or self-insured retention.

The aforementioned insurance requirements can be met through any combination of self-insured, primary and excess/umbrella policies that fulfill the stipulated coverage as cited above.

Other Insurance Provisions:

1. During the term of the contract, the City of Sunnyvale, its officers, officials, employees, agents, and volunteers are to be covered as an additional insured in the AUDITOR's commercial general liability policy (and if applicable liquor liability, valuable papers and electronic data processing, cyber liability, sexual abuse and molestation policies) with respects to liability arising out of activities performed by or on behalf of the AUDITOR; products and completed operations of the AUDITOR; premises owned, occupied or used

by the AUDITOR. The coverage shall contain no special limitations on the scope of protection afforded to the City of Sunnyvale, its officers, officials, employees, agents, or volunteers.

Additional Insured Endorsement for ongoing operations at least as broad as ISO CG 20 10 Scheduled, or automatic CV 20 38 and completed operations shall be at least as broad as ISO CG 2037 scheduled or automatic ISO CG 2040.

2. During the term of the contract, the AUDITOR's Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City of Sunnyvale.
3. For all Architects, Engineers and Design Professionals - If Industry Specific Coverage box is checked above **and** if the AUDITOR's Professional Liability/Errors and Omissions coverage is written on a claims made basis:
 - a. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
 - b. Insurance must be maintained and evidence of insurance must be provided *for at least three (3) years after completion of the contract of work.*
 - c. If coverage is canceled or non-renewed, and not *replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of *three (3) years* after completion of contract work
4. For any claims related to this project, the AUDITOR's insurance shall be primary. Any insurance or self-insurance maintained by the City of Sunnyvale, its officers, officials, employees, agents and volunteers shall be excess of the AUDITOR's insurance and shall not contribute with it and shall be at least as broad as ISO CG 20 01 04 13.
5. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the City of Sunnyvale, its officers, officials, employees, agents or volunteers.
6. The AUDITOR's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
7. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City of Sunnyvale.
8. Any umbrella or excess Insurance Liability policies shall be true "following form" of the underlying policy coverage, terms, conditions, and provisions and shall meet all of the insurance requirements stated in this document, including the additional insured, SIR, and primary and non-contributory insurance requirements for the benefit of City (if agreed to in a written contract or agreement) until all coverage carried by or available to the

AUDITOR's primary and excess liability policies are exhausted and before the City's own Insurance or self-insurance shall be called upon to contribute to a loss.

9. The policy limits of coverage shall be made available to the full limits of the policy. The minimum limits stated above shall not serve to reduce the AUDITOR's policy limits of coverage. Therefore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this agreement, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever is greater.

Acceptability of Insurers:

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII, and who are admitted and authorized to do business and in good standing in California unless otherwise acceptable to the City of Sunnyvale's Risk Manager.

Verification of Coverage:

AUDITOR shall furnish the City of Sunnyvale with an original Certificate of Insurance effecting the coverage required. The certificates are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates are to be received and approved by the City of Sunnyvale, Risk Manager prior to commencement of work.

The AUDITOR shall provide certificate(s) evidencing renewals of all insurance required herein prior to the expiration date of any such insurance. The City reserves the right to require complete, certified copies of all required insurance policies, at any time.

For all insurance policy renewals during the term of this Contract, AUDITOR shall submit insurance certificates reflecting the policy renewals through PINS.

Subcontractors

AUDITOR shall require all subcontractors to procure and maintain insurance policies subject to these requirements. Failure of AUDITOR to verify existence of sub-contractors-AUDITOR's insurance shall not relieve AUDITOR from any claim arising from sub-contractors work on behalf of AUDITOR.