

AMENDMENT NO. 1

TO AGREEMENT FOR CONTRACT SERVICES

THIS AMENDMENT TO THE AGREEMENT FOR CONTRACT SERVICES (“Amendment”) by and between the CITY OF CARSON, a California municipal corporation (“City”), and VASQUEZ & COMPANY, LLP, a California limited liability partnership (“Consultant”), is effective as of the 5th day of July, 2023. City and Consultant are sometimes hereinafter individually referred to as “Party” and hereinafter collectively referred to as the “Parties.”

RECITALS

A. City and Consultant entered into that certain Agreement for Contract Services dated June 15, 2021 (“Agreement”), whereby Consultant agreed to audit City’s financial statements for a three year term for fiscal years ending June 30, 2021 through June 30, 2023 (“Original Scope of Services”), and through fiscal years ending June 30, 2024 and June 30, 2025, if City should exercise its two one-year options to extend the term of the Agreement.

B. Although the Agreement provided for a not-to-exceed Contract Sum of \$215,132, there was an inadvertent error when the City Council awarded the Agreement on June 15, 2021 for a not-to-exceed amount of \$213,003, which amount is \$2,129 less than the \$215,132 amount stated in the Agreement. Accordingly, the Parties acknowledge, understand and agree that the actual not-to-exceed Contract Sum in the Agreement that was lawfully approved is \$213,003.

C. For fiscal year ending June 30, 2021, City incurred an additional \$5,000 fee for additional major federal program for Single Audit, which fee caused City to exceed its estimated budget of \$71,001 for the first year of the Agreement term by \$5,000.

D. For fiscal year ending June 30, 2022, pursuant to Section 1.8 of the Agreement which permits the City’s Contract Officer to approve extra work and associated cost up to 10% of the Contract Sum or \$25,000, whichever is less, additional services for implementation of GASB 87, Lease Accounting as authorized by the Contract Officer on November 30, 2022, were provided by Consultant for a total not-to-exceed cost of \$5,000, thereby resulting in City exceeding its estimated budget of \$71,001 for the second year of the Agreement term by \$5,000. City further exceeded its budget for the second year by an additional \$27,745 due to additional hours incurred by Consultant associated with (i) a new program for Single Audit (ARPA/CSLFRF), (ii) audit procedures performed relative to GASB 87 implementation, and (iii) various adjustments posted after the trial balance was provided.

E. City and Consultant now desire to amend the Agreement to increase the not-to-exceed Contract Sum by an additional \$75,664 (this amount is inclusive of the \$5,000 approved by the Contract Officer for the audit for fiscal year ending June 30, 2022) thereby bringing the increased total to \$288,667, to allow Consultant to conduct the audit of financial statement(s) for fiscal year ending June 30, 2023 (and through fiscal years ending June 30, 2024 and June 30, 2025 at additional cost, if City should exercise its two one-year options to extend the term of the Agreement) arising from City’s request for Consultant to perform GASB pronouncement implementation audit related to the new GASB standards (“Additional Scope of Services”). The

Additional Scope of Services will be performed at increased hourly billing rates. This new total of \$288,667 includes an amount of \$35,790 for the Additional Scope of Services, an upward adjustment of \$2,129 to correct the error when City Council approved the Agreement for \$213,003 rather than the correct amount of \$215,132, the \$5,000 fee overage associated with the audit for fiscal year ending June 30, 2021, the \$5,000 approved by the Contract Officer for the audit for fiscal year ending June 30, 2022, and the \$27,745 fee overage associated with the audit for fiscal year ending June 30, 2022.

TERMS

1. **Contract Changes.** The Agreement is amended as provided herein (new text is indicated in *bold italics* and deleted text in ~~strikethrough~~).

A. Section 2.1 (Contract Sum) of the Agreement is hereby amended to read in its entirety as follows:

“2.1 Subject to any limitations set forth in this Agreement, City agrees to pay Consultant the amounts specified in the “Schedule of Compensation” attached hereto as Exhibit “C” and incorporated herein by this reference. The total compensation, including reimbursement for actual expenses, shall not exceed Two Hundred *Eighty Eight* ~~Fifteen~~ Thousand ~~Six~~ *One* Hundred ~~Sixty Seven~~ *Thirty Two* Dollars (~~\$288,667~~*\$215,132*) (the “Contract Sum”), unless additional compensation is approved pursuant to Section 1.8.”

B. Exhibit “A” (Scope of Services) of the Agreement is hereby amended to read in its entirety as follows:

See attached.

C. Exhibit “C” (Schedule of Compensation) of the Agreement is hereby amended to read in its entirety as follows:

See attached.

D. Exhibit “C-1” (Rate Schedule) of the Agreement is hereby amended to read in its entirety as follows:

E. Exhibit “D” (Schedule of Performance) of the Agreement is hereby amended to read in its entirety as follows:

See attached.

2. **Continuing Effect of Agreement.** Except as amended by this Amendment, all provisions of the Agreement shall remain unchanged and in full force and effect. From and after the date of this Amendment, whenever the term “Agreement” appears in the Agreement, it shall mean the Agreement, as amended by the Amendment to the Agreement.

3. **Affirmation of Agreement; Warranty Re Absence of Defaults.** City and Consultant each ratify and reaffirm each and every one of the respective rights and obligations

arising under the Agreement, including but not limited to, the \$5,000 approved by the Contract Officer for the audit for fiscal year ending June 30, 2022. Each party represents and warrants to the other that there have been no written or oral modifications to the Agreement other than as provided herein. Each party represents and warrants to the other that the Agreement is currently an effective, valid, and binding obligation.

Consultant represents and warrants to City that, as of the date of this Amendment, City is not in default of any material term of the Agreement and that there have been no events that, with the passing of time or the giving of notice, or both, would constitute a material default under the Agreement.

City represents and warrants to Consultant that, as of the date of this Amendment, Consultant is not in default of any material term of the Agreement and that there have been no events that, with the passing of time or the giving of notice, or both, would constitute a material default under the Agreement.

4. **Adequate Consideration.** The parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Amendment.

5. **Authority.** The persons executing this Amendment on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Amendment on behalf of said party, (iii) by so executing this Amendment, such party is formally bound to the provisions of this Amendment, and (iv) the entering into this Amendment does not violate any provision of any other agreement to which said party is bound.

[SIGNATURES ON FOLLOWING PAGE]

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

CITY:

CITY OF CARSON, a municipal corporation

Lula Davis-Holmes, Mayor

ATTEST:

Dr. Khaleah K. Bradshaw, City Clerk

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

Sunny K. Soltani, City Attorney
[rjl]

CONTRACTOR:

VASQUEZ & COMPANY, LLP, a California limited liability partnership

By: _____
Name: Cristy A. Canieda
Title: Partner

Two corporate officer signatures required when Contractor is a corporation, with one signature required from each of the following groups: 1) Chairman of the Board, President or any Vice President; and 2) Secretary, any Assistant Secretary, Chief Financial Officer or any Assistant Treasurer. CONTRACTOR'S SIGNATURES SHALL BE DULY NOTARIZED, AND APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO CONTRACTOR'S BUSINESS ENTITY.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On _____, 2023 before me, _____, personally appeared _____, proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER	DESCRIPTION OF ATTACHED DOCUMENT
<input type="checkbox"/> INDIVIDUAL	_____
<input type="checkbox"/> CORPORATE OFFICER	_____
_____	_____
<input type="checkbox"/> PARTNER(S) <input type="checkbox"/> LIMITED <input type="checkbox"/> GENERAL	TITLE OR TYPE OF DOCUMENT
<input type="checkbox"/> ATTORNEY-IN-FACT	_____
<input type="checkbox"/> TRUSTEE(S)	NUMBER OF PAGES
<input type="checkbox"/> GUARDIAN/CONSERVATOR	_____
<input type="checkbox"/> OTHER _____	_____
SIGNER IS REPRESENTING: (NAME OF PERSON(S) OR ENTITY(IES))	DATE OF DOCUMENT
_____	_____
_____	_____
	SIGNER(S) OTHER THAN NAMED ABOVE

EXHIBIT “A”
SCOPE OF SERVICES

I. Consultant will perform the following Services:

Original Scope of Services

Audit the City of Carson’s financial statements for fiscal years ending June 30, 2021 through June 30, 2023, and through fiscal years ending June 30, 2024 and June 30, 2025 if the options to extend the Agreement term are exercised, in accordance with generally accepted auditing standards in the United States of America, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards (2018) issued by the Comptroller General of the United States, the provisions of the federal Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Guidance.

A. Audit of City Financial Statements. Conduct an audit of the City's financial statements in accordance with the generally accepted accounting principles accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States and other applicable laws and regulations that shall include the following:

1. Audit Planning Procedures shall include:

- (a) Pre-audit conference with the City to establish process or communication between the audit team and City staff.
- (b) Discussion of any new accounting pronouncements to be implemented in the current year.
- (c) Establish scope of work and timing of fieldwork.

2. Interim Fieldwork shall include:

Gathering information about the City and its environment, including internal control:

- (a) Evaluate design of internal controls that are relevant to the audit and determine whether the control, either individually or in combination is capable of effecting, preventing or detecting and correcting material misstatements.
- (b) Determine that controls exist and that the City is using controls.
- (c) Specific areas to review include:
 - (i) Accounts payable/cash disbursements
 - (ii) Accounts receivable/cash receipts
 - (iii) Payroll disbursements
 - (iv) Utility billing process
 - (v) Investment compliance
 - (vi) Property and equipment

- (d) Review of minutes of the City of Carson.
- (e) Review of important contracts and debt agreements.
- (f) Interim exit conference with the City to review results of interim fieldwork, including any findings.

3. Final Audit Work shall include:

During the final audit work, Consultant shall assess “risk” of material misstatement based on understanding of the City's audit environment, including its internal control, to identify account balances to audit that appear in the City's financial statements. Consultant shall specifically tailor its audit programs to address any significant risks identified.

- (a) Confirmation of cash and investments balances and testing of bank reconciliations.
- (b) Confirm significant receivable balances or review subsequent cash receipts to verify receivable balance.
- (c) Search for unrecorded liabilities.
- (d) Testing of internal fund balances and transfers.
- (e) Test capital asset additions and depreciation expense.
- (f) Confirm long-term debt balances and review the accounting treatment of debt issued or refunded.
- (g) Test support for other significant assets or liabilities.
- (h) Analytical procedures on balance sheet and revenue and expenditure accounts, to evaluate and explain unusual fluctuations from prior year balances or current year budgeted amounts.
- (i) Review of attorney Idlers for significant legal matters affecting the City's financial position.
- (j) An exit conference to review any significant adjustments or findings.

4. Analysis of Internal Controls:

- (a) Consultant's audit shall include obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement or the financial statements and to design the nature, timing, and extent of further audit procedures.
- (b) Consultant shall obtain an understanding of the internal controls by completing narratives and checklists for various processes related to internal control. Tests of controls may be performed to test the effectiveness of certain controls that Consultant considers relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements

resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements.

- (c) Consultant shall perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that are relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program.
- (d) Consultant shall communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, Government Auditing Standards, and the Uniform Guidance.

B. Financial Audit of the Carson Redevelopment Successor Agency.

1. Procedures shall include the following:

- (a) Procedures found in Section I.A. of this Exhibit A.
- (b) Audit the balances reported for cash, investments, receivables, payables, capital assets, and long-term liabilities as of the end of the year.
- (c) Review the activity reported on the Carson Redevelopment Successor Agency's Recognized Obligation Payment Schedules (ROPS).
- (d) Review the activities of the Successor Agency to ensure compliance with AB 26, AB 1484, and other relevant legislation enacted.
- (e) Test the effectiveness of certain controls Consultant considers relevant to (1) preventing and detecting errors and fraud that are material to the financial statements and (2) to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements.
- (f) Perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that Consultant considers relevant to preventing or detecting material noncompliance with compliance requirements applicable to each federal award program.

C. Financial Audit of the Carson Housing Authority.

1. Procedures shall include the following:

- (a) Procedures found in Section I.A. of this Exhibit A.

D. Financial Audit of the Carson Reclamation Joint Powers Authority.

1. Procedures shall include the following:

- (a) Procedures found in Section I.A. of this Exhibit A.

- E. Single Audit of Federal Grants. Audit shall be performed to meet the requirements of Title 2 of the U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost/Principles, and Audit Requirements for Federal Award-. (Uniform Guidance). The Single Audit shall be performed in accordance with all of the requirements of the Single Audit Act, the Uniform Guidance, and Government Auditing Standards issued by the GAO (the "Yellow Book") for cities that expend greater than \$750,000 in federal awards in fiscal year 2020-2021 and subsequent years.
1. Single Audit shall include:
 - (a) Identification of the major and nonmajor federal programs of the City through the risk-based approach required by the Uniform Guidance. This approach includes consideration of current and prior audit experience, oversight by Federal agencies and pass-through entities, and the inherent risk of the federal program.
 - (b) Review all federal and industry-specific publications and guidance and inform the City of any recent changes.
 - (c) Performance of tests and controls to evaluate the effectiveness of the design and operation of controls that Consultant considers relevant to preventing or detecting material noncompliance with applicable compliance requirements. If weaknesses in the internal controls are noted, Consultant will modify audit program as needed.
 - (d) Tests of transactions related to major federal award programs for compliance and applicable compliance requirements and certain provisions of laws, regulations, contracts and grant agreements.
 - (e) Utilizing applicable procedures described in the Uniform Guidance for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of those procedures will be to express an opinion on the City's compliance with requirements applicable to major programs in Consultant's report on compliance issued pursuant to the Uniform Guidance.
 - (f) Report shall include the appropriate schedules reports on internal controls when federal expenditures meet or exceed the threshold requiring a Single Audit.
 - (g) Assist the City in completing and filing the Data Collection Form.
- F. An Agreed-Upon Procedures Review of the City's GANN Appropriations Limit.
1. Review shall test compliance with Article XIII B of the California Constitution pertaining to the City's appropriation limit.
 2. Consultant shall prepare a letter to the City Council regarding compliance with Article XIII B of the California Constitution.

- G. Prepare and submit a Management Letter. Management Letter shall include any non-reportable comments or recommendations resulting from Consultant's review of the systems of internal controls in connection with the financial audits.
- H. Additional Services:
 - 1. Preparation of City's Comprehensive Annual Financial Report (Annual Report).
 - 2. Preparation of City's State Controller's Annual Financial Transactions Report.
 - 3. Preparation of City's State Controller's Annual Street Report to State Controller.
 - 4. Preparation of City's Air Quality Improvement Special Revenue Fund Report.

Additional Scope of Services

Conduct Governmental Accounting Standards Board ("GASB") pronouncement implementation audit related to the new GASB standards of the City of Carson's financial statements for fiscal year ending June 30, 2023, and through fiscal years ending June 30, 2024 and June 30, 2025 if the options to extend the Agreement term are exercised.

II. As part of the Services, Consultant will prepare and deliver the following tangible work products to the City:

- A. Letter to the City Council regarding compliance with Article XIII B of the California Constitution.
- B. Management Letter that includes any non-reportable comments or recommendations resulting from Consultant's review of the systems of internal controls in connection with the financial audits.
- C. City's Comprehensive Annual Financial Report (Annual Report).
- D. City's State Controller's Annual Financial Transactions Report.
- E. City's State Controller's Annual Street Report to State Controller.
- F. City's Air Quality Improvement Special Revenue Fund Report.

III. In addition to the requirements of Section 6.2, during performance of the Services, Consultant will keep the City apprised of the status of performance by delivering the following status reports:

As needed and as requested verbally by Contract Officer.

IV. All work product is subject to review and acceptance by the City, and must be revised by the Consultant without additional charge to the City until found satisfactory and accepted by City.

V. Consultant will utilize the following personnel to accomplish the Services:

- A. Cristy Canieda, Partner
- B. Roger Martinez, Partner
- C. Isidro Conde, Audit Sr. Manager
- D. Arlene Pingul, Audit Manager
- E. Mchelle De Guzman, IT Sr. Manager

EXHIBIT “C”
SCHEDULE OF COMPENSATION

I. Consultant shall perform the following tasks *for the Original Scope of Services* for the following amounts:

	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
City's Financial Audit	\$34,108	\$34,108	\$35,132	\$36,185	\$37,271
Single Audit	\$8,660	\$8,660	\$8,919	\$9,187	\$9,463
GANN AUP Report	\$486	\$486	\$501	\$516	\$531
Successor Agency Audit	\$4,507	\$4,507	\$4,642	\$4,781	\$4,924
Housing Authority Audit	\$2,916	\$2,916	\$3,003	\$3,094	\$3,186
Reclamation JPA Audit	\$6,539	\$6,539	\$6,735	\$6,937	\$7,145
CAFR Preparation	\$7,953	\$7,953	\$8,191	\$8,437	\$8,690
City's FTR	\$3,259	\$3,269	\$3,368	\$3,469	\$3,573
City's Street Report	\$2,563	\$2,563	\$2,639	\$2,719	\$2,800
TOTALS:	\$71,001	\$71,001	\$73,130	\$73,325*	\$77,583*

*Applies if Agreement term is extended per Section 3.4.

Consultant shall perform the following tasks for the Additional Scope of Services for the following amounts:

	Hours	Additional Fee Amount (FY 2023)	Option Years	
			Additional Fee Amount (FY 2024)	Additional Fee Amount (FY 2025)
<i>New GASB Standards Implementation:</i>				
GASB 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements	20	\$ 2,600 *	-	-
GASB Statement No. 96, Subscription-Based Information Technology Arrangements	48	6,240 *	-	-
GASB Statement No. 101, Compensated Absences	10		-	1,500
Additional audit procedures and review hours required to be performed to test GASB Statements 87, 94 and 96	24	3,120	3,276	3,440
Additional procedures and review hours related to the audit of CRA	24	3,120	3,276	3,440
Additional hours allocated for ACFR preparation, compilation and review to ensure compliance with the new GASB Standards	32	4,160	4,368	4,588
Adjustment due to higher operating costs resulting from higher inflation rate and labor shortage	-	3,550	3,728	3,914
Provision for any new/additional federal grants/programs required to be audited	40	5,200 **	5,460 **	5,733 **
Provision for any delay in the audit process; adjustments or corrections after the TB				
(a) Delay in the audit process and document gathering result in changes in staffing and delay in the completion of the engagement.				
Every adjustment has an impact on the Materiality, Audit Plan, Audit Strategy, Sampling Methodology, Actual Testworks, and Detailed Reviews of Incharge and Manager.	60	7,800 ***	8,190 **	8,600 **
	<u>198</u>	<u>\$ 35,790</u>	<u>\$ 28,298</u>	<u>\$ 31,212</u>

* These will not be billed if the City decides to handle the new GASB Standards implementation.
 ** This will not be billed if there are no new federal grants/programs during the year. The fee for each additional program is \$5K.
 *** This will not be billed if there are no delays and adjustments to correct the provided TB.

III. A retention of ten percent (10%) shall be held from each payment as a contract retention to be paid as part of the final payment upon satisfactory completion of services.

NOT APPLICABLE

IV. Within the budgeted amounts for each Task, and with the approval of the Contract Officer, funds may be shifted from one Task sub-budget to another so long as the Contract Sum is not exceeded per Section 2.1, unless Additional Services are approved per Section 1.8.

V. The City will compensate Consultant for the Services performed upon submission of a valid invoice. Each invoice is to include:

- A. Line items for all personnel describing the work performed, the number of hours worked, and the hourly rate.
- B. Line items for all materials and equipment properly charged to the Services.
- C. Line items for all other approved reimbursable expenses claimed, with supporting documentation.

- D. Line items for all approved subcontractor labor, supplies, equipment, materials, and travel properly charged to the Services.
- VI. The total compensation for the Services shall not exceed \$288,667~~\$215,132~~, as provided in Section 2.1 of this Agreement.**
- VII. The Consultant's billing rates for all personnel and other incidental costs are attached as Exhibit C- 1.**

EXHIBIT "C-1"
RATE SCHEDULE

Original Scope of Services

Partners	\$285/hr
Managers	\$180/hr
Supervisors	\$140/hr
Senior Auditors	\$120/hr
Staff Auditors	\$100/hr

Additional Scope of Services

<i>Partners</i>	<i>\$375/hr</i>
<i>Director</i>	<i>\$300/hr</i>
<i>Sr. Manager</i>	<i>\$250/hr</i>
<i>Managers</i>	<i>\$225/hr</i>
<i>Supervisors</i>	<i>\$200/hr</i>
<i>Senior Auditors</i>	<i>\$175/hr</i>
<i>Staff Auditors</i>	<i>\$140/hr</i>

EXHIBIT "D"
SCHEDULE OF PERFORMANCE

I. Consultant shall perform all services timely in accordance with the following schedule:

Tasks will be continuous, on-going and as directed by the Contract Officer *except that the GASB related analysis and reporting must be completed before the start of any Fiscal Year Financial Audit.*

II. Consultant shall deliver the following tangible work products to the City by the following dates.

- A. Letter to the City Council regarding compliance with Article XIII B of the California Constitution, by no later than December 31 each year.
- B. Management Letter that includes any non-reportable comments or recommendations resulting from Consultant's review of the systems of internal controls in connection with the financial audits, by no later than December 31 each year.
- C. City's Comprehensive Annual Financial Report (Annual Report), by no later than December 31 each year.
- D. City's State Controller's Annual Financial Transactions Report, by no later than January 31 each year.
- E. City's State Controller's Annual Street Report to State Controller, by no later than December 1 each year.
- F. City's Air Quality Improvement Special Revenue Fund Report, by no later than March each year with the exact date within March to be provide by the Contract Officer, it being understood that AQMD sets the annual deadline.

III. The Contract Officer may approve extensions for performance of the services in accordance with Section 3.2.