

**PROPOSAL FOR CONDUCTING
THE ANNUAL INDEPENDENT AUDIT
OF THE
SAN CARLOS SCHOOL DISTRICT**

Submitted February 10, 2016



Chavan & Associates, LLP
Certified Public Accountants
1475 Saratoga Ave, Suite 180
San Jose, CA 95129
Phone: (408) 217-8749
Fax: (408) 872-4159
E-mail: sheldon@cnallp.com
Contact: Sheldon Chavan, Partner

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Attachment A – Peer Review Report



February 10, 2016

San Carlos School District
1200 Industrial Road, Unit 9
San Carlos, CA 94070

We are pleased to have this opportunity to submit our proposal to provide auditing services for the San Carlos School District ("the District"). Our understanding of the work is that we will audit the financial statements of the District for the fiscal year ending June 30, 2016 with an option for renewal for the two fiscal years ending June 30, 2017 and 2018 under the same terms and conditions.

Our audits will be performed in accordance with auditing standards generally accepted in the United States of America as issued by the AICPA, the standards set forth for financial audits in the United States General Accounting Office's (GAO) *Government Auditing Standards*, the provisions of the Single Audit Act; and the provisions of *Subpart F of the OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations*. Our audit will also include audit procedures required by the State Controller's Office of the State of California as detailed in the Controller's publication, *"Standards and Procedures for Audits of California K-12 Local Educational Agencies"* and will be made in accordance with the provisions of Sections 1625 and 41020 of the Education Code of the State of California. We will also apply the necessary limited procedures to management's discussion and analysis and required supplementary information, prepare the basic financial statements, combining statements, and notes to financial statements.

As a result of our audit, we will express an opinion on the fair presentation of the basic financial statements of the District in conformity with GAAP, issue a report on the District's internal control structure, and the District's compliance with applicable laws and regulations.

Entrance and exit conferences will be timely scheduled during each phase of the audit to plan the audit and discuss the results of each phase. Throughout the contract period, we will provide consultation on accounting and compliance issues and attend the District meetings to discuss the audit and management comments. It is our commitment to the District that we will complete the work within the agreed time frame.

We are confident Chavan & Associates LLP ("C&A") is the best-qualified firm to serve as your independent auditors. A brief list of reasons include:

- We specialize in California school district, local government and grant audits. Please see page 23 for a list of similar clients.
- Sheldon Chavan, managing partner, will manage and run the audit in the field. As you will see later in this proposal, Sheldon has over 19 years of experience auditing local education



agencies, including audits of the Portola Valley School District, Woodside Elementary School District, and Burlingame School District.

- Our primary objective is to provide premium audit services. Our approach focuses on the risks and control deficiencies that can hamper your ability to provide services to your community.
- Our service will be dependable, reliable and timely. We will meet all deadlines within your specified time frame.
- We will be sensitive to your workload. We understand you and your staff must keep up with your current work as well as coordinate with the audit.
- We are available twelve months of the year to serve our audit clients. You are important to our firm and we promise a high level of involvement and enthusiasm at all levels.

We are secure in our belief that our firm is the best qualified to meet your needs. Once you have examined our proposal and contacted our references, we feel you will agree. This proposal is a firm and irrevocable offer for 90 days.

Sheldon Chavan, CPA, Partner (650-346-1329, Sheldon@cnallp.com) is the partner at C&A who is authorized to sign and obligate the firm contractually and is located in our main office at 1475 Saratoga Ave, Suite 180, San Jose, CA 95129.

We look forward to being of service to you.

Very truly yours,

Sheldon Chavan, CPA, Partner
Chavan & Associates LLP

SECTION A

BUSINESS PROFILE AND QUALIFICATIONS

Section A – Business Profile and Qualifications

San Carlos School District Proposal for Auditing Services

Contractor Identification and Introduction

Company Name: Chavan & Associates, LLP (C&A)
Address: 1475 Saratoga Ave, Suite 180, San Jose, CA 95129
Office Phone: 408-217-8749
Fax: 408-872-4159
E-mail: Sheldon@cnallp.com
CA File Number: 202009218003
FEIN: 27-0630496
Authorized to Sign: Sheldon Chavan, Partner

Our managing and engagement partner, **Sheldon Chavan**, has performed audits under the State Controller's Office Minimum Audit Requirements, Education Audit Appeals Panel audit guide, Government Auditing Standards and **Single Audit Act** requirements since **1998**. In August of 2009, Sheldon established C&A as a limited liability partnership specializing in local government auditing and consulting. Sheldon has audited and prepared Comprehensive Annual Financial Reports (**CAFR's**) and basic financial statements as required by the Government Finance Officers Association (**GFOA**) and the Governmental Accounting Standards Board (**GASB**) for over 100 cities, school districts, fire districts, water district's, sanitation district's, JPA's and other types of special districts. He has also been a reviewer of CAFR's for the **GFOA**. Most recently, C&A prepared or reviewed the CAFR's of the Town of Los Gatos, the City of Saratoga, the City of Oroville, the Los Altos School District and the Central Marin Sanitation Agency for the year ending June 30, 2015. Our goal at C&A is to provide premium audit services at a reasonable fee. We believe that continuous partner involvement helps us achieve our goal, which is why our partners are constantly in the field. Ultimately, eliminating on-the-job training allows us to focus exclusively on servicing our clients.

We currently audit 26 school districts and 7 charter schools from a total of 70 government, nonprofit and grant audit clients. Most of our LEA audits were subject to the single audit requirements in 2014-15. Four of our LEA audits include charter schools that were reported within the District's funds and most of our LEA engagements have charter schools within their area. Our firm's experience auditing local governments includes numerous audits under state and federal compliance audit guides.

What makes us unique from other audit firms is that we strive to eliminate **"on-the-job" training** by having the partners in the field during each phase of the audit (not just "spot-checking"). Your main point of contact **will be the engagement partner and senior staff** throughout the entire audit. Our partners also visit the school sites on a regular basis and have provided group training to ASB custodians, secretaries, bookkeepers and other the District staff. The daily interaction from our partners has been invaluable to our clients as it provides the opportunity for immediate feedback and the chance to ask questions related to accounting, account coding, CSAM, GASB, first and second interim reports, and much more.

Firm Size, Staff Size, Location and Staffing

We have six professional staff, in addition to the partners and one administrative person, which will be available to assist as needed throughout the engagement. As the managing partner, Sheldon will perform the work directly with assistance from other professional staff as needed. Our central office is located in San Jose, CA.



Section A – Business Profile and Qualifications

San Carlos School District Proposal for Auditing Services

Staffing for the District’s audit will include the following professionals (audit experience):

Sheldon Chavan, Engagement Partner (18 yrs.)

Paul Pham, Senior Staff (7 yrs.)

Bryan Kwon, Senior Staff (3 yrs.)

Daniel Garayacochea, Prof. Staff (1 yr.)

Matthew Ojeda, Prof. Staff (1 yr.)

One of the professional staff could change from year to year. The District will be notified of any staff changes prior to field work. The engagement partner and senior staffs will be the same during each year of the engagement. Auditing is the main focus of our practice and we like to start the audit early, however our calendar is flexible. Having an early start date (as early as Feb 1) has great returns for our clients in that control deficiencies can be corrected before reports have been submitted to the state and other reporting agencies. For example, material attendance errors found before the P-2 has been completed means the P-2 does not have to be revised and a finding may not need to be included in the report as a significant deficiency. Finally, our partners are experts with GASB, OMB, GAGAS, State Compliance and US GAAP. We are confident that our experience and leadership in California school district financial matters will enable us to provide the District quality accounting and auditing services.

Range of Services

We also provide the following services:

- GASB consultation and new GASB implementation (included in the audit fee)
- Home and School Club training and special audits
- ASB training (generally included in the audit fee)
- Review and drafting policies and procedures (generally included in the audit fee)
- Proposition 39 bond performance audits
- MD&A preparation, templates and assistance (included in the audit fee)
- CAFR preparation for GFOA and CASBO
- Contractor prequalification services for public bids
- Special construction contractor audits for time, billing and materials
- Nonprofit organization tax returns

Independence

C&A is independent of the District as defined by auditing standards generally accepted in the United States of America and the US General Accounting Office’s *Government Auditing Standards*. *In all matters relating to the audit work, the audit organization and individual auditors, whether government or public, should be free from personal and external impairments to independence, should be fiscally independent, and should maintain an independent attitude and appearance.*

License to Practice in the State of California, Assurances and Certifications

C&A and all assigned key professional staff are properly licensed to practice as certified public accountants in the State of California and we have been approved by the State Controller’s Office to perform LEA audits. We meet the standards of the GAO Standards for Audit of Governmental Organizations Programs, Activities and Functions.



Section A – Business Profile and Qualifications

San Carlos School District Proposal for Auditing Services

We understand the primary purpose of the examination, as specified herein, is to express an opinion on the financial statements and that such an examination is subject to the inherent risk that errors or irregularities may not be detected. If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, the auditor will promptly advise appropriate the District management.

In accordance with auditing standards and other applicable guidelines and regulations, we will select the necessary procedures to test compliance and disclose noncompliance with specified laws, regulations and contracts.

Affirmation Concerning Substandard Audit Work

C&A and all assigned personnel do not have any record of substandard work, outstanding claims nor unsatisfactory performance pending with the State Board of Accountancy.

Prior Engagements

C&A has not been engaged with the District in the past 5 years and has no conflict of interest with the District.

Quality Control Review

We are enrolled in the AICPA quality control **peer review** program. Our peer review was performed and submitted by Chaing, Hammon and Co. on June 30, 2014 and included the audits completed for the June 30, 2013 fiscal year and December 31, 2013 calendar year. We passed our peer review without exception. **See Attachment A for a copy of our peer review report.**

C&A has a perfect record of quality control. Our audits substantially complied with auditing standards generally accepted in the United States of America and the standards for financial and compliance audits contained in the U.S. General Accounting Office's Standards for Audits of Governmental Agencies, Programs, Activities, and Functions; issued by the U.S. General Accounting Office; the provisions of the Single Audit Act Amendments of 1996; and the provisions of *Subpart F of the OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations*.

Equal Opportunity Employer

C&A is an equal opportunity employer and is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all applicable federal and state laws and regulations relating to equality.

GASB Implementation and Guidance

The Governmental Accounting Standards Board (GASB) continues to issue new statements in an effort to make financial information accounted for, and reported by, local governments more reliable. Often, the statements issued by GASB are confusing and difficult to apply. Therefore, it is our goal to keep our clients informed about upcoming standards and how they may affect their future. Our technical



Section A – Business Profile and Qualifications

San Carlos School District Proposal for Auditing Services

expertise and guidance in the implementation and interpretation of GASB statements will be available throughout the year. We offer inclusive consultation throughout the term of our contract which includes GASB 68, 67, 63, 54, 45, 34 and any other accounting guidance needed. We also offer in-house training via internally developed seminars. For example, we have given presentations and training on compliance requirements for specific grants and the key controls needed to meet those requirements. Generally these sessions provide about 4-8 hours of training and are included in the audit. **Any training related to single audit compliance reporting requirements is included in our all-inclusive maximum price and we have included 8 hours of training in our audits fees at no additional charge.**

Proposition 39 Bond Audits

We have performed Proposition 39 financial and performance **Bond Audits for 13** of our current clients. Some of the procedures we performed include the following (not all inclusive):

1. Verifying proceeds of the sale of the Bonds were only used for the purposes set forth in the ballot Proposition and not for any other purpose, such as teacher and administrative salaries.
2. Verifying that bond proceeds were deposited in the District's name and invested in accordance with applicable legal requirements.
3. Verifying the Bond Oversight Committee (BOC) positions were filled as required by Proposition 39 and that the committee held meetings in accordance with the Proposition.
4. Verifying that the BOC completed the inspections as required by Prop. 39.
5. Verifying that the BOC made timely reports to the Board of Trustees.
6. Verifying that Finance provided the BOC of accurate and timely reports on the use of bond proceeds by project.
7. Reviewing the used of funds as compared to the availability of funds to ensure projects were closed timely and that there would be sufficient funds to complete all projects within the budget.
8. Sampling contracts awarded to service providers, general contractors and subcontractors to verify compliance with the Public Contract Code bid requirements, board approvals that invoices paid were within the contract terms and to ensure change orders were approved.
9. Testing payments made to the construction management company and reviewing the terms of the contract.
10. Documenting and testing the design and implementation of controls significant to financial reporting and compliance over the use of the bond proceeds, including the financial reporting system used to capture the transactions processed within the system of controls.
11. Sampling and testing expenditures for validity and accuracy.



Section A – Business Profile and Qualifications

San Carlos School District Proposal for Auditing Services

Technology in the Audit

C&A is a paperless firm. We use a secure cloud server for file sharing and we have “top-of-the-line” laptops and scanners that we use in the field. The scanners allow for flexibility during the audit since it is not feasible to expect every document in electronic format. And, to ensure data integrity, our laptops are synchronized to our cloud server every day.

Our secure online lockbox provides for a better option over e-mailing electronic files. Each of our clients has an account login username and password through our website that allows them to upload files. This is especially helpful with sensitive information such as payroll data as it is much more secure than e-mail.

Our office is equipped with a top of the line printing center. We have invested in high-end HP black/white and color printers and have established a printing and binding shop for report processing.

Our audit software is Prosystems Engagement which we compliment with Knowledge Coach and PPC’s Smart E-practice Aides audit workpapers. These programs allow us to roll-forward audit information without having to replace the audit programs in the binder, because they automatically update with changes in auditing and accounting standards every month.

We have data extraction software for each of our laptops that convert Adobe and other file types to Word and Excel. All of the above mentioned technological innovations make the audit more efficient and provides us the opportunity to spend time in areas that are more meaningful to the District. It also reduces the time and effort required by the District staff to provide information and almost entirely eliminates redundancy from year to year in the audit.

Finally, every one of our audit team members has SACS downloaded on their laptops. Once we obtain the DAT file from our client, we can run electronic reports as needed during the audit. As a part of the audit, we will also provide direct guidance in preparing the GASB 34 conversion entries in SACS.

Auditing Information Technology and Software

We are a cloud computing CPA firm and prefer to utilize online tools whenever possible. Each of our staff has extensive experience not only auditing data from on-line sources, but also accessing internet based general ledger software that is hosted by a remote offsite server and service provider. Most recently, we have completed audits that required us to audit on-line data and utilize online systems such as Escape, QuickBooks Enterprise and QuickBooks Online. Anytime we utilize or audit information from on-line based financial systems, we perform information technology specific audit procedures to ensure the integrity of data input and output is reliable. Our focus when auditing IT is password protection, back-up processes, and data integrity protocol.

We are also very familiar with utilizing information available online from sources such as the California Department of Education, CFDA.gov, Whitehouse.gov and various other online sources. In 2014-15, we completed state and federal compliance that utilize online reporting tools, such as CNIPS and CDE’s ASSIST “granteereport” grant reporting system.



SECTION B

AUDIT APPROACH AND TIMING

Section B – Audit Approach and Timing

San Carlos School District Proposal for Auditing Services

The C&A audit approach begins with an entrance conference between Sheldon Chavan and management to gather information for risk assessment and audit planning. Upon the conclusion of the entrance conference, Sheldon will plan and schedule C&A's three phase audit approach and prepare a list of items to be provided for Phase I of the audit. Significant aspects of each phase are outlined as follows:

Phase I - Planning and Risk Assessment

This phase is designed to evaluate your operating and accounting procedures and will provide the basis for a significant portion of our letter to management. The results of our work during this phase will determine our audit approach for significant accounts and compliance. We plan to begin this phase by meeting with management to plan the audit and discuss any significant issues with the proposed audit plan and timeline.

At least four weeks prior to the beginning of this phase, we intend to provide the District with a list detailing the information and timing that will be needed in order to facilitate the completion of the audit in a timely manner. Having all items on the list are available prior to the beginning of Phase I will allow us to complete the audit within the allotted time frame or earlier. We will also begin the testing of state compliance, attendance, federal compliance for major programs and the associated student body fund accounts during this phase.

As a part of Phase I, we will document the District's key personnel, the District's process for identifying and preventing fraud, significant financial and compliance areas, significant laws and regulations, determine key contacts and their involvement in the audit, and finalize the audit timeline.

We obtain our **understanding of the internal control structure**, control environment, and accounting system through:

- Inquiries of appropriate management and staff personnel.
- Inspection of the District's documents and records.
- Observation of the District's activities and operations to corroborate the results of inquiries.
- Testing of the controls to determine they are operating as planned.
- Performance of preliminary analytical review on interim financials. The analytical review entails comparing similar information for the same time frame from the prior year and also comparing current year-to-date information to the budget to determine areas that may need additional attention during Phase II.
- Review and evaluation of the District's **information system controls** and procedures. Our staff has gained invaluable experience with systems such as HTE, MOM, Munis, Digital Schools, Springbrook, Pentamation, Quickbooks, Financial Edge, Escape, QSS, QCC, FUND\$, CECC, SACS, Financial 2000, SASi, Quicken, Edusoft, Minisoft, Infinite Campus, Power School, Genesis, as well as many others. It is our goal to maximize the usage of your computer system during the audit.

This phase constitutes approximately 36% of all the non-clerical hours of the engagement and may be combined with Phase II if desired. At the completion of Phase I, an exit conference will be held to discuss findings and recommendations and prepare for Phase II.



Section B – Audit Approach and Timing

San Carlos School District Proposal for Auditing Services

Phase II - Substantive Audit Procedures and Compliance

This phase is designed to complete our substantive and compliance audit procedures on the funds and accounts of the District. The approach for Phase II will be based on the results of Phase I. At least four weeks prior to the beginning of this phase, we intend to provide the District with a list detailing the information and timing that will be needed in order to facilitate the completion of the audit in a timely manner. Audit programs will be tailored for your needs. This work will begin after the closing of your books.

Sample size and selection is based on our assessment of risk and planned or actual deviations. Our sampling methods vary depending on the type of tests we perform. We use Practitioners Publishing Company (PPC) and Knowledge Coach (KC) audit programs to assist in our risk determination and sampling selection. We also use **ProSystems fx Engagement** paperless audit, Microsoft Excel, and Microsoft Word on laptops to perform the audit. Generally, we prefer information provided in electronic format, however we use production scanners in the office and portable scanners in the field for information that is unavailable in electronic format.

Analytical procedures during Phase II involve comparing current data to prior year and budget data, calculating dollar and percentage variances and investigating differences. We also analyze trends and relationships of the various financial statement components and ratios.

Laws and regulations subject to audit will be determined based on inquiry and familiarity we gain with the District, and with state and federal compliance requirements. Sample selection for compliance work will be based on the respective compliance and audit guides, PPC, KC, our experience and judgment, and other various sources.

Phases II will take approximately 44% of the engagement hours. At this time, an exit conference will be held to discuss findings and recommendations and prepare for Phase III.

Phase III - Financial Statement Preparation and Review

This phase consists of preparing your financial statements in conformity with accounting principles generally accepted in the United States of America and standards of the Governmental Accounting Standards Board. We will also prepare all other financial and compliance reports required of us (see Audit Scope). The required reports and management letter will be submitted to **management as required by the request for proposal**, or as otherwise agreed.

Our reporting process is automated through our audit software. Once we obtain the District's financials in electronic format (pdf or Excel), we import that into our system, which will automatically code and update all financial statements and most note disclosures in the financial statements and notes. We reconcile the audited financial statements and trial balance to the unaudited financials in SACS and your general ledger. We can also auto link tables and charts in the MDA as well. All agreed upon adjustments will be linked in our audit software. This greatly reduces the report preparation time and involvement of the District staff and creates more opportunity for review of information systems, internal controls and management recommendations.



Section B – Audit Approach and Timing

San Carlos School District Proposal for Auditing Services

At the end of this phase we will provide a summary of audit adjustments, uncorrected misstatements (passed adjustments) and GASB 34 conversion entries. We also provide a **template MDA** with tables and updated numbers at **no additional cost**.

We anticipate that Phase III will comprise approximately 20% of the engagement hours, including the majority of the clerical hours. The timing of each phase of the audit is estimated based on the assumption that the District will meet their close schedule and responsibilities as noted in the request for proposal.

Please note that we generally hold **entrance conferences** at the beginning of Phase I and II and **exit conferences** at the end of Phase I, II and III. However, we are available to meet with the District at any-time.

Compliance and Program Specific Auditing

Included in all phases are specific procedures required to complete individual compliance items. Analytic and sampling procedures generally follow those described in the preceding phase, but are modified, when needed, to meet specific guidelines of the programs audited. For example, the single audit compliance testing is generally coordinated with disbursements, accounts payable, payroll and other related significant audit areas, so **sample sizes** are increased to ensure the items tested are representative of the entire population of transactions.

Recommendations for Improved Management and Operations

We feel we have accumulated valuable knowledge in the field of governmental accounting and auditing which has allowed us to offer a wide range of specific recommendations to increase the efficiency and effectiveness of other audit clients. With our background, we can provide services that may be very beneficial to you presently and in the future. As our client, you can look to us for informed support year-round in all areas of interest or concern. In the course of our engagement with the District, we will provide prompt, knowledgeable answers to your questions regarding all aspects of accounting, finance, management, and operations. Our general practice is to respond to all inquiries within **15 minutes** of having received the inquiry.

It is our policy to discuss discrepancies and recommendations with the District staff directly involved and then with management, as necessary. If an item warrants inclusion in the report as a finding, we will obtain management's responses to each finding. All responses will be reviewed with management and staff before it is presented to the Board. All individuals involved will have a chance to respond to any findings and recommendations well before they are presented to the Board.

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 management.



Section B – Audit Approach and Timing

San Carlos School District Proposal for Auditing Services

Control Risk Assessment

As part of our audit approach, we use PPC forms, KC forms, narratives, questionnaires and summary schedules to gain an understanding of the control environment and assess its overall effectiveness. This helps us identify the types of potential misstatements and factors that affect the risk of material misstatement and their impact on the audit plan.

Analytical Procedures

Analytical procedures are used at three points of time during our audit; planning, substantive testing, and final review of the completed financial statements. Analytical procedures are used by to obtain knowledge of conditions and events, to indicate the presence of possible misstatements, to provide substantive evidence of balances and to assess the financial condition of the District.

As we obtain knowledge about the District, we will be able to direct our attention to areas requiring greater audit emphasis as well as provide substantive evidence in support of recorded account balances.

Identification of Potential Audit Problems

Each year we approach the audit objectively and use a risk based approach to anticipate any potential audit problems. If anything were to come to our attention during the course of the audit, it would be reported to the appropriate management level depending on the nature of the problem.

Resources Available for Standards Interpretations

In addition to the items published by GFOA, AICPA, FASB, and GASB, we use RIA checkpoint as our main online reference material. As our client, the District will have access to all our resources.

Timeline by Segment

Segment	Estimated Date ⁽¹⁾	Phase
Entrance Conference	March 15	I
Audit Planning (C&A's Office)	March 21	I
Interim List of Items Required by Client	March 21	I
Interim Testing (Including Attendance & ASB)	April 20	I
Interim Exit Conference	May 2	I
Initial List of Findings and Recommendations	May 2	I
Confirmations	June 30	II
Year-end List of Items Required by Client	August 5	II
Year-end Field Work	October 5	II
Exit Conference	October 23	II
Final List of Findings and Recommendations	October 24	II
Draft Reports, Financials and Management Letters	November 15	III
Meeting to Review Reports and Letters	November 21	III
Final Reports, Financials and Letters	November 30	III
Board Presentation	As needed	III

⁽¹⁾ The estimated dates are flexible based on the District's needs and District staff availability



Section B – Audit Approach and Timing
San Carlos School District Proposal for Auditing Services

Summary of Staff Hours by Phase

Level of Staff	Phases			Total Hours
	I	II	III	
Engagement Partner	8	8	8	24
Senior Staff	8	16	8	32
Senior Staff	20	24	8	52
Professional Staff	24	24	8	56
Administrative Staff	2	2	2	6
Totals	62	74	34	170



SECTION C

AUDIT SCOPE

Section C – Audit Scope

San Carlos School District Proposal for Auditing Services

We understand the scope of our services for the fiscal years 2015-16, with two optional years, to be as follows:

1. We will conduct a comprehensive financial and compliance audit and prepare the basic financial statements of the District and, depending on the results of the audit, express an opinion on the fair presentation of its basic financial statements in conformity with accounting principles generally accepted in the United States of America.
2. Our reports will include an opinion relative to the financial and/or compliance portions of the audit. We will file a copy of the audit with each of the following agencies: State Controller's Office, Division of Audits; California Department of Education, Audit Bureau; California Department of Finance; and the Federal Audit Clearinghouse, Bureau of the Census. Our reports will be filed no later than December 15th each year. The form and contents of the audit report shall be in conformity, to the extent practicable with such form and content as may be prescribed by the State Controller under Section 41020 of the Education Code, GASB 34, GASB 45, GASB 54, GASB 63, GASB 68 and any other applicable GASB requirements.
3. Our audit of the financial statements will be conducted in accordance with auditing standards generally accepted in the United States of America prescribed by the American Institute of Certified Public Accountants; the standards for financial audits set forth in the U. S. General Accounting Office's Government Auditing Standards.
4. Our audit will be performed under the Standards for Audit of Governmental Organizations, Programs, Activities and Functions issued by the GAO OMB circular Subpart F of OMB Uniform Guidance (the provisions of the Single Audit Act, and the provisions of Subpart F of the OMB Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations; soon to be the "Super Circular"*).
5. Our audit will include an examination of financial records and statements and audits for compliance shall be made in accordance with the provisions of Sections 1625 and 41020 of the Education Code of the State of California. Our audit will include audit procedures required by the State Controller's Office of the State of California as detailed in the controller's publications, "Standards and Procedures for Audits of California K-12 Local Educational Agencies."
6. At the completion of each phase, we will schedule an exit conference to discuss the results of the audit and the adequacy and effectiveness of the District's current accounting procedures and controls based on our understanding of the control structure and assessment of control risk. Any management points will address issues related to the District's systems of internal control, accounting systems, functions, procedures and processes and compliance with laws and regulations. A copy of the management letter or summary of management points will be provided at the end of interim field-work. We will conduct a final exit conference with the Assistant Superintendent and Administrative Director of Business Services.
7. Our audit of the Proposition 39 Bond will be performed in accordance with auditing standards generally accepted in the United States of America prescribed by the American Institute of



Section C – Audit Scope

San Carlos School District Proposal for Auditing Services

Certified Public Accountants. The report will be in conformity with the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards.

8. We shall submit a management letter relating our findings and/or recommendations on those matters noted and observed during the examination of the financial records and developed within the scope usually associated with such an examination relating to, but not limited to, (a) improvement in systems of internal control; (b) improvement in accounting system; (c) apparent noncompliance with laws, rules and regulations, and (d) any other material matter coming to our attention during the conduct of the examination. The first draft of the management letter will be reviewed with the Assistant Superintendent. Prior to the submission of the final draft of the management letters, C&A will meet with the Superintendent, Assistant Superintendent, and Administrative Director of Business Services of the District.
9. As required by SAS 114, we shall ensure that the Board and Management are informed of each of the following:
 - a. Our responsibility under generally accepted auditing standards
 - b. Significant accounting policies
 - c. Management judgments and accounting estimates
 - d. Significant audit adjustments
 - e. Other information in documents containing audited financial statements
 - f. Disagreements with management
 - g. Management consultation with other accountants
 - h. Major issues discussed with management prior to retention
 - i. Difficulties encountered in performing the audit
10. We will prepare and submit copies of the preliminary audit report and management letter for review and discussion with the District Assistant Superintendent prior to working with management and staff in Business Services such as the Administrative Director of Business Services, to finalize these reports for each of the audits.
11. We will provide sufficient copies of each report required in the RFP in order to supply each school board member with a copy of the report, as well as to provide each responsible member of management with a copy. In addition, an electronic copy of the audit report and accompanying financial statements, disclosure notes, and findings shall be generated and provided to the District.
12. We will attend meetings with the District's Board and staff as may be required during the course of the audit and to present the final audit and management letter.
13. All Partners and staff will be available throughout the year to provide assistance to the District in explaining audit findings and recommendations, to discuss the items that may impact the audit and any other issues or questions you may have during the year.



SECTION D

STAFFING AND PERSONNEL

Section D – Staffing and Personnel

San Carlos School District Proposal for Auditing Services

We are aware of the need for continuity of personnel on the engagement and promise that the engagement partner and senior staff will be directly involved in the audit in its entirety during each year of the contract. We believe that extensive partner involvement provides continuity that could not be achieved in any other way. All staff committed in this proposal will be available for the entire June 30, 2016 audit and are available 12 months a year for questions, comments and implementation support. We are confident that we will be able to assign the same staff to your engagement during each year of the engagement. This is in addition to Sheldon's direct supervision in the field each year.

Sheldon Chavan will be your key contact throughout the audit and will **supervise** the audit in the field. He will help the District implement new accounting standards and facilitate ongoing support.

Sheldon Chavan, CPA

Engagement Partner/Manager (Member CalCPA, AICPA, GFOA)



Sheldon holds a B.S. in Accounting from San Jose State University. He began his career in public accounting in 1998 and has been auditing local governments, non-profits, and federal and state grants ever since. Sheldon is a CPA licensed in California and a member of AICPA, CalCPA and GFOA. He has also been a member of the GFOA Special Review Committee, with responsibility for reviewing CAFR's for award of the Certificate of Excellence in Financial Reporting. Sheldon has been a board member and financial advisor for the Redwood City Education Foundation. He currently is a member of the Moreland School District Parcel Tax and Bond Oversight Committees. From 1998 to 2009, Sheldon performed audits the San Mateo County Office of Education. As an example of Sheldon's knowledge of various financial and compliance audit requirements, in

C&A's most recent peer review, our firm was randomly selected for a second review because of our specialization with state, federal and local grant compliance audits. We passed both peer reviews without exception and the secondary peer reviewer commented the excellence of our audit process and documentation.

Sheldon has managed governmental audits his entire career, which included the technical review of all work papers, staffing, scheduling, reporting, state compliance, federal compliance and much more. He is responsible for the technical aspects of the firms accounting and auditing practice, and all other partners and staff report directly to him, primarily in the areas of compliance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits in the United States General Accounting Office's (GAO) *Government Auditing Standards*, the provisions of the Federal Single Audit Act and the United States Office of Management and Budget *Subpart F of the OMB Uniform Guidance, Audits of State, Local Governments and Nonprofit Organizations*, and the audit procedures required by the State Controller's Office of the State of California as detailed in the Controller's publication, "Standards and Procedures for Audits of California K-12 Local Educational Agencies." Sheldon also ensures that each staff has met the continuing professional education requirements under these standards and teaches several in-house seminars a year. He also administers our firm's quality control system as required by GAAS and Yellow Book standards.

Sheldon has been performing audits under Subpart F of the OMB Uniform Guidance and the Single Audit Act throughout his career. Understanding the complexities of the various federal programs is one of his specialties. Over the years, Sheldon has audited major programs such as National School Lunch, Title II Education Technology, ARRA Education Technology, IDEA Special Education Local Assistance, ARRA IDEA



Section D – Staffing and Personnel

San Carlos School District Proposal for Auditing Services

Special Education, Title I, ARRA Title I, Education Jobs Fund, Title IV Drug Free Schools, NCLB Title III, Title II Improving Teacher Quality, ARRA SFSF, CDBG, Shelter Plus Care, Home Investment in Affordable Housing, HUD Section 8, Highway Planning and Construction, Medi-Cal, Low-income Low Energy Assistance, and many more.

Sheldon has prepared **CAFR's** for submission to the GFOA on behalf of more than **50** local governments. More recently, Sheldon prepared the CAFR's for the Town of Los Gatos, City of Oroville, Central Marin Sanitation Agency, Fairfield-Suisun Sanitary District, City of Saratoga and the Los Altos School District in 2014-15.

Sheldon's recent continuing professional education:

Description of Program/Training
Fraud in Exempt Organizations: GAGAS, Preventing Fraud, and Audit Committees
Fraud in Exempt Organizations: Government & NPO Environment' plus 'Fraudulent Financial Reporting
Ethics: Pointer Electronics, Inc. - You Are the Audit Partner
Ethics: BAN&K Advisory Services LLC - You Are the Audit Partner
Frequent Government and NPO Frauds: Misuse of Assets
2016 Governmental and Nonprofit Annual Update: Federal Government Activities
2016 Qrtly Update-Gov/NFP-#1 (Winter): SAS No. 117 and GASB Nos. 57 & 58
2016 Qrtly Update-Gov/NFP-#2 (Spring): OMB A-133 Developments and SASs 118, 119, & 120
2015 Governmental and Nonprofit Annual Update: Federal Government Activities
2015 Qrtly Update-Gov/NFP-#1 (Winter): SAS No. 117 and GASB Nos. 67 & 68
Subpart F of the OMB Uniform Guidance: 'Program-Specific Audits' plus 'Audit Tools and Guidance'
Applying Risk Assessment Standards: Understanding the Entity and Its Environment
How to conduct a peer review
Governmental Accounting and Auditing Conference Webcast - 5121266C
Not-for-Profit Organizations Conference Webcast - 5121343C
Cases in NFP Acct. & Auditing: 'Financial Statement Requirements' plus 'Net Asset Classifications'
Fraud in Exempt Organizations: Applying AU Sec. 316 in Governmental and Not-for-Profit Environments
Ethics: AA&C LLP - Accounting Firm Practice Development Committee
Ethics: Precious Mining Inc.- You Are the Audit Committee Chair
Cases in NFP Acct. & Auditing: Contributions
Field Work Documentation: Preparation, Maintenance, Types of Workpapers
School District Update Including LCFF and LCAP Compliance
School Districts Conference Webcast - 5121445C
Comprehending Subpart F of the OMB Uniform Guidance: Overview plus 'Federal Awards'
Comprehending Subpart F of the OMB Uniform Guidance: 'Pass-Through Awards and Subrecipients' plus 'Meet the SEFA'
Comprehending Subpart F of the OMB Uniform Guidance: 'Major Program Determination' plus 'Types of Compliance Requirements'
Comprehending Subpart F of the OMB Uniform Guidance: Compliance Supplement, Cost Circulars, and Testing Internal Control
Comprehending Subpart F of the OMB Uniform Guidance: 'Testing Compliance' plus 'Reporting Requirements'
Comprehending Subpart F of the OMB Uniform Guidance: The Current OMB A-133 Environment
Basic Governmental Accounting: 'Reporting Entity' plus 'Government-Wide Statements'



Section D – Staffing and Personnel

San Carlos School District Proposal for Auditing Services

The following is a partial list of Sheldon's clients over the years:

Cities and Towns	Special Districts/JPA's	School Districts/COE's	Nonprofits and Other
City of Berkeley	Bay Area Water Services & Cons	Antelope Elementary	2006 Washington St.
City of Marina	Central Marin Sanitation Agency	Belmont Redwood Shores	Bay Area Special Education JPA
City of Novato	East Bay Dischargers Authority	Burlingame	Bay Area Water Users Association
City of Oroville	Fairfield-Suisan Sanitation District	Cabrillo Unified	Black Adoption Placement
City of Pittsburg	Half Moon Bay Fire Protection	Campbell Union	Boys and Girls Clubs of Sonoma
City of Point Arena	Hayward Area Parks and Rec	Cloverdale Unified	Center for Empowering Refugees
City of Salinas	Highland Recreation District	Cotati Rohnert Park	Children of Grace
City of San Rafael	Los Trancos Water District	Hillsborough City	Collective Roots
City of Saratoga	Mckinney Water District	La Honda Pescadero	Credo High School
City of Scotts Valley	Menlo Park Fire Protection	Lakeside	Diagnostics for the Real World
City of Sonoma	Midpen Regional Open Space Auth	Las Lomitas Elementary	Hidaya Foundation
City of South San Francisco	Pleasant Hill Parks and Rec	Lassen View Elementary	Livebooks
City of Sunnyvale	Point Montara Fire Protection District	Los Altos Elementary	Mashery
City of Tracy	Santa Clara Regional Open Space Auth	Luther Burbank	Mission Charter
Town of Los Gatos	Saratoga Cemetery District	Manton Joint Union	Mission Language and Vocational School
Town of Windsor	South Bayside System Authority	Menlo Park City	Morgan Hill Charter Foundation
	South San Francisco Conf. Ctr.	Millbrae Elementary	Morgan Hill Charter School
	Suasalito-Marin City Sanitation District	Mineral	Nob Hill Home Owners Assoc.
	Tahoe Regional Planning Agency	Mountain View Whisman	O'Conner Water
	The Cities Group	Orchard	One Million Lights
	Valley of the Moon Fire	Pacifica	Orange County Charter School
	West Bay Sanitary District	Plum Valley	Pathway to Choices
	West County Wastewater District	Portola Valley Elementary	Pyramid Alternatives
	Westborough Water District	Red Bluff	Redwood City Education Foundation
	Woodside Fire Protection District	Salinas Union High	San Jose Conservation Charter
		San Bruno Park	San Jose Conservation Corps
		San Carlos Elementary	Singularity University
		San Mateo County Office	Sociometrics
		San Mateo Union High	South Tahoe Area Transit Authority
		Scotts Valley Unified	Stone Bridge Charter School
		Sequoia Union High	Woodside Atherton Authority
		Sonoma Valley Unified	work2future Foundation
		Union School District	
		West County Agency (LEA)	
		Windsor Unified	
		Woodside Elementary	



Section D – Staffing and Personnel

San Carlos School District Proposal for Auditing Services

Paul Pham

Senior Staff

Paul received his Bachelor of Science from Pacific University and hopes to pursue a Master of Accountancy in the near future. He is currently preparing to sit for the CPA exam and plans to complete his CPA certification by the end of the year. Paul has been working in public and private accounting since 2007 and has completed **seven** governmental audit seasons. He has completed financial and compliance audits for the entities (including LEA's) listed below since 2007. Besides the standard control documentation and substantive testing required for GAAS audits, Paul has performed audits and prepared reports under Subpart F of the OMB Uniform Guidance and the Single Audit Act for most of the entities listed below. He has audited Federal grants from various agencies, including FEMA, HUD, FTA, the Department of Education (Title I, Special Education, Title II, Adult Ed) and much more.

Paul's recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Internal Fraud: Analytical Techniques
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Yellow Book: General, Field Work and Reporting Standards
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

The following is a list of Paul's clients over the years:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Charter Schools
City of Berkeley	Bay Area Water Supply Conserv. Agency	Antelope Elementary	2006 Washington St CIA
City of Oroville	Central Marin Sanitation Agency	Cabrillo Unified	Black Adoption Placement & Research Center
City of Point Arena	East Bay Dischargers Authority	Cotati Rhonert Park	Boys and Girls Clubs of Sonoma
City of Saratoga	Half Moon Bay Fire Protection	La Honda Pescadero	Center for Empowering Refugees and Immigrants
City of Sonoma	Los Trancos Water District	Lassen View Elementary	Collective Roots
City of Tracy	Menlo Park Fire Protection	Las Lomas Elementary	Credo Charter
Town of Los Gatos	Pleasant Hill Parks and Rec	Los Altos Elementary	Mission Charter
	Point Montara Fire Protection District	Luther Burbank	Morgan Hill Charter
	South Bayside Systems Authority	Manton Joint Union	Nob Hill Home Owners Association
	South San Francisco Conf. Ctr.	Mineral	Pathway to Choices
	Tahoe Regional Planning Agency	Millbrae Elementary	Redwood City Education Foundation
	The Cities Group	Mountain View Whisman	San Jose Conservation Charter
	West Bay Sanitary District	Orchard School District	San Jose Conservation Corps
	West County Wastewater District	Pacifica	Sociometrics
	Westborough Water District	Plum Valley	
	Woodside Fire Protection District	Portola Valley Elementary	
		Red Bluff	
		San Bruno Park	
		San Mateo County Office	
		Sequoia Union High	
		Sonoma Valley Unified	
		Union Elementary	
		West County Agency (LEA)	
		Windsor Unified	
		Woodside Elementary	



Section D – Staffing and Personnel

San Carlos School District Proposal for Auditing Services

Bryan Kwon, CPA

Senior Staff

Bryan graduated from University of California, Santa Cruz, with a Bachelor of Science in Business Management Economics. Bryan is a CPA licensed in California and a member of AICPA and CalCPA. Bryan has been working in public and private accounting since 2009, and has completed three seasons of governmental auditing. Bryan has performed tests of controls, substantive tests, state compliance testing and Federal compliance testing for various local governments during his past year. Besides the standard control documentation and substantive testing required for GAAS audits, Bryan has performed audits and prepared reports under Subpart F of the OMB Uniform Guidance and the Single Audit Act. He has audited Federal grants from various agencies, including FEMA, HUD, FTA, the Department of Education, ARRA grants and much more.

Bryan's recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	GAGAS - General Standards
GAGAS - General Field Work And Reporting Standards	GAGAS - Reporting Standards For Financial Audits
GASB Basic Financial Statements for State and Local Governments	GAGAS - Use and Application of GAGAS

The following is a list of Bryan's clients over the past year:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Other
City of Oroville	Bay Area Water Supply Conserv. Agency	Antelope Elementary	Credo Charter
City of Point Arena	Central Marin Sanitation Agency	Cabrillo Unified	Mission Charter
City of Saratoga	East Bay Dischargers Authority	Cotati Rhonert Park	Morgan Hill Charter
City of Tracy	Half Moon Bay Fire Protection	Lassen View Elementary	Orange County Charter School
Town of Los Gatos	Los Trancos Water District	Las Lomitas Elementary	Pathway to Choices
	Menlo Park Fire Protection	Los Altos Elementary	San Jose Conservation Charter
	Pleasant Hill Parks and Rec	Manton Joint Union	San Jose Conservation Corps
	Point Montara Fire Protection District	Mineral	
	South Bayside Systems Authority	Millbrae Elementary	
	South San Francisco Conf. Ctr.	Mountain View Whisman	
	Tahoe Regional Planning Agency	Orchard School District	
	The Cities Group	Pacifica	
	West Bay Sanitary District	Plum Valley	
	West County Wastewater District	Portola Valley Elementary	
	Westborough Water District	Red Bluff	
	Woodside Fire Protection District	San Bruno Park	
		San Mateo County Office	
		Sequoia Union High	
		Sonoma Valley Unified	
		Union Elementary	
		West County Agency (LEA)	
		Windsor Unified	
		Woodside Elementary	



Section D – Staffing and Personnel

San Carlos School District Proposal for Auditing Services

Daniel Garayacochea

Professional Staff

Daniel graduated from San Jose State University with a Bachelor of Science in Justice Studies. New to public accounting in 2014, he has successfully completed one full season of governmental auditing. Daniel has performed tests of controls, substantive tests, state compliance testing and Federal compliance testing for various special districts and school districts. Besides the standard control documentation and substantive testing required for GAAS audits, Daniel has performed audits and prepared reports under Subpart F of the OMB Uniform Guidance and the Single Audit Act. He has audited Federal grants from various agencies, including Special Education, National School Lunch, Title I, Department of Education grants and others.

Recent Continuing Professional Education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	GAGAS - General Standards
GAGAS - General Field Work And Reporting Standards	GAGAS - Reporting Standards For Financial Audits
GASB Basic Financial Statements for State and Local Governments	GAGAS - Use and Application of GAGAS

The following is a list of Daniel's clients over the years:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Other
City of Oroville	Bay Area Water Supply Conserv. Agency	Antelope Elementary	Boys and Girls Clubs of Sonoma
City of Point Arena	Central Marin Sanitation Agency	Cabrillo Unified	Credo Charter
City of Saratoga	East Bay Dischargers Authority	Cotati Rhonert Park	Mission Charter
City of Tracy	Half Moon Bay Fire Protection	Lassen View Elementary	Morgan Hill Charter
Town of Los Gatos	Los Trancos Water District	Las Lomitas Elementary	Pathway to Choices
	Menlo Park Fire Protection	Los Altos Elementary	San Jose Conservation Charter
	Pleasant Hill Parks and Rec	Manton Joint Union	San Jose Conservation Corps
	Point Montara Fire Protection District	Mineral	
	South Bayside Systems Authority	Millbrae Elementary	
	South San Francisco Conf. Ctr.	Mountain View Whisman	
	Tahoe Regional Planning Agency	Orchard School District	
	The Cities Group	Pacifica	
	West Bay Sanitary District	Plum Valley	
	West County Wastewater District	Portola Valley Elementary	
	Westborough Water District	Red Bluff	
	Woodside Fire Protection District	San Bruno Park	
		San Mateo County Office	
		Sequoia Union High	
		Sonoma Valley Unified	
		Union Elementary	
		West County Agency (LEA)	
		Windsor Unified	
		Woodside Elementary	



Section D – Staffing and Personnel
San Carlos School District Proposal for Auditing Services

Matthew Ojeda

Professional Staff

Matthew graduated from the San Jose State University, with a B.S. in Accounting. New to public accounting in 2014, he has successfully completed one full season of governmental auditing. Matthew has performed tests of controls, substantive tests, state compliance testing and Federal compliance testing for various special districts and school districts. Besides the standard control documentation and substantive testing required for GAAS audits, Matthew has performed audits and prepared reports under Subpart F of the OMB Uniform Guidance and the Single Audit Act. He has audited Federal grants from various agencies, including Special Education, National School Lunch, Title I, Department of Education grants and others.

Recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	GAGAS - General Standards
GAGAS - General Field Work And Reporting Standards	GAGAS - Reporting Standards For Financial Audits
GASB Basic Financial Statements for State and Local Governments	GAGAS - Use and Application of GAGAS

The following is a list of Matthew's clients over the years:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Other
City of Point Arena	Bay Area Water Supply Conserv. Agency	Antelope Elementary	Boys and Girls Clubs of Sonoma
	West County Wastewater District	Lassen View Elementary	Collective Roots
	Westborough Water District	Las Lomas Elementary	Morgan Hill Charter
		Manton Joint Union	Pathway to choices
		Mineral	Sociometrics
		Millbrae Elementary	
		Mountain View Whisman	
		Orchard School District	
		Union Elementary	



Section D – Staffing and Personnel

San Carlos School District Proposal for Auditing Services

Professional Education and Training

Our professionals complete 80 hours of continuing professional education every two years in auditing and accounting which includes at least 80 hours of governmental auditing and accounting training specific to local governments. We use a combination of in-house seminars, self-study and outside seminars sponsored by AICPA, GFOA, the California Education Foundation and other recognized groups.

All assigned staff meet the educational requirements for Governmental engagements as specified by the California Board of Accountancy, Federal General Accounting Office, Governmental Accounting Standards Board, and the AICPA as appropriate.



SECTION E

REFERENCES

Section E – References

San Carlos School District Proposal for Auditing Services

To assist you in evaluating our capabilities, we have provided references that you may contact for additional information as to the quality of our services. The following audits were completed for the fiscal year ended June 30, 2015:

Entity Name	Sequoia Union High School District	Cotati-Rohnert Park Unified School District	Portola Valley School District
Contact Person	Marty Feutes	Anne Barron	Jonathan Barth
Title	CBO	Chief Business Official	Chief Buisness Official
Address	480 James Ave., Redwood City, CA 94062	7165 Burton Ave., Rohnert Park, CA 94298	4757 Alpine Road, Portola Valley, CA 94028
Phone	650-346-1411x2289	707-792-4705	650-851-1777
E-mail	mfuentes@seq.org	anne_barron@crpusd.org	jbarth@pvsd.net
Period Completed	6/30/2015	6/30/2015	6/30/2015
Hours	440	320	148
Year's Audited by	6	4	3
Engagement Partner	Sheldon Chavan	Sheldon Chavan	Sheldon Chavan
Entity Type	School District	School District	School District
Scope of Work	Report Prep GAGAS Audit Single Audit State Compliance GASB 34 Reconciliation SAS 114 Report Management Letter Year Round Consultation ASB Funds/Scholarship Audit P39 Bond Audit	Report Prep GAGAS Audit Single Audit State Compliance GASB 34 Reconciliation SAS 114 Report Management Letter Year Round Consultation ASB Funds/Scholarship Audit P39 Bond Audit	Report Prep GAGAS Audit Single Audit State Compliance GASB 34 Reconciliation SAS 114 Report Management Letter Year Round Consultation ASB Fund Audit



SECTION F

INSURANCE

Section F – Insurance

San Carlos School District Proposal for Auditing Services

C&A maintains the following insurance:

- Commercial General Liability Insurance (bodily injury and property damage) is \$4,000,000 per occurrence. The carrier is Hartford Insurance Company.
- Automobile Bodily Injury and Property damage liability insurance is \$2,000,000 per occurrence. The carrier is Hartford Insurance Company.
- Professional Liability Insurance carrier is Philadelphia Insurance Company. The per claim/aggregate limit of the liability is \$3,000,000.
- Workers Compensation Insurance carrier is Twin City Insurance Company. The per claim/aggregate limit of the liability is \$1,000,000.



SECTION G

CURRENT CLIENT LIST

Section G – Current Client List

San Carlos School District Proposal for Auditing Services

The following is a list of our current government and nonprofit engagements:

Client	Level of Report	Client	Level of Report
Cities/Towns		Local Education Agencies (Cont'd)	
City of Oroville	CAFR	Golden Valley Unified School District	GASB Financial
City of Point Arena	GASB Financial	Millbrae School District & Prop 39	GASB Financial
City of Saratoga	CAFR	Orchard School District & Prop 39	GASB Financial
City of Tracy	Forensic	Scotts Valley Unified School District	GASB Financial
Town of Los Gatos	CAFR	Woodside Elementary School District	GASB Financial
Special Districts/JPA's		San Bruno Park School District	GASB Financial
Bay Area Water Supply Conservation Agency	GASB Financial	West County Transportation Agency	GASB Financial
Central Marin Sanitation Agency	CAFR	Luther Burbank School District	GASB Financial
East Bay Dischargers Authority	GASB Financial	Napa Valley Unified School District	GASB Financial
Fairfield-Suisun Sewer District	GASB Financial	Charter Schools	
Midpeninsula Regional Open Space District	GASB Financial	Credo High School	FASB Financial
Oro Loma Sanitary District	CAFR	Charter School of Morgan Hill	FASB Financial
Santa Clara County Regional Open Space Auth	GASB Financial	Mission Preparatory School	FASB Financial
Sausalito-Marin City Sanitation District	GASB Financial	Orange County Conservation Corps	FASB Financial
Silicon Valley Clean Water	GASB Financial	San Jose Conserv Corps Charter School	GASB Financial
Tahoe Regional Planning Agency	SCO Reports	Stone Bridge Charter School	FASB Financial
Tahoe Transportation District	SCO Reports	Woodland Star Charter School	FASB Financial
The Cities' Group	GASB Financial	Privately Held Companies	
Valley of the Moon Fire District	GASB Financial	Diagnostics for the Real World	Single Audit
West Bay Sanitary District	GASB Financial	Halcyon Molecular	FASB Financial
Westborough Water District	GASB Financial	Pathway to Choices	FASB Financial
Local Education Agencies		ProHealth Homecare	FASB Financial
Cotati-Rohnert Park Unified School District	GASB Financial	Sociometrics	FASB Financial
Mountain View Whisman School District & Prop 39	GASB Financial	Not for Profit Entities	
Sequoia Union High School District & Prop 39	GASB Financial	Black Adoption Placement and Research Center	FASB Financial
Sonoma Valley Unified School District & Prop 39	GASB Financial	Boys and Girls Clubs of Central Sonoma County	FASB Financial
Burlingame School District	GASB Financial	Center for Empowering Refugees & Immigrants	FASB Financial
Cabrillo Unified School District & Prop 39	GASB Financial	Children of Grace	FASB Financial
Los Altos School District	CAFR	Collective Roots	FASB Financial
Pacifica School District	GASB Financial	Foothill Community Health Center	FASB Financial
Union School District	GASB Financial	Hidaya Foundation	FASB Financial
Lassen View Union Elementary School District	GASB Financial	Mission Language and Vocational School	FASB Financial
Antelope School District	GASB Financial	Pyramid Alternatives	FASB Financial
Portola Valley School District	GASB Financial	Redwood City Education Foundation	FASB Financial
Pacifica School District	GASB Financial	San Jose Conservation Corps	FASB Financial
Las Lomitas School District & Prop 39	GASB Financial	Singularity University	FASB Financial
Delano Union School District	GASB Financial	work2future Foundation	FASB Financial
Red Bluff Union Elementary School District	GASB Financial		



SECTION H

AUDIT FEES

Section H – Audit Fees

San Carlos School District Proposal for Auditing Services

Schedule of Professional Fees

The following is our schedule of professional fees by staff level:

	Quoted & Standard Hourly Rates	Hours	Fiscal Year Ending June 30,		
			2016	Optional	
				2017	2018
Engagement Partner	\$ 150	24	\$ 3,600	\$ 3,600	\$ 3,600
Manager	100	32	3,200	3,200	3,200
Senior Staff	75	52	3,900	3,900	3,900
Professional Staff	55	56	3,080	3,080	3,080
Administrative Staff	35	6	210	210	210
Subtotal - Base Audit		170	13,990	13,990	13,990
Professional Discount		N/A	(490)	(490)	(490)
Proposition 39 Bond Audit		20	2,500	2,500	2,500
Meals, Lodging and Transportation		N/A	Included	Included	Included
Total All Inclusive Maximum Price		190	\$ 16,000	\$ 16,000	\$ 16,000

Manner of Payment

The District will be invoiced for our services as work progresses, but not more often than once per month. We understand that interim and progress billing will be accepted up to a maximum of 75% of the audit fee prior to the approval of the audited financial statements by the District's Board of Directors.

Rates for Additional Professional Services

In the event that extraordinary circumstances require additional services beyond the agreed upon scope, C&A will provide, in writing and in advance, the reasons for the additional services along with our estimated costs and a statement that no work will be performed prior to District approval. Rates for additional services would be the same as those identified under the quoted hourly rates above.



SECTION I

COMMON QUESTIONS AND ANSWERS

Section I – Common Questions and Answers

San Carlos School District Proposal for Auditing Services

1. What is the level of government audit experience for the “in-Charge” auditor?

Sheldon, the engagement partner, has 19 years of experience auditing LEA’s.

2. What do you do differently in the first year compared to subsequent years?

The first year includes more time documenting internal controls and larger Sample sizes. This will include more interviews of personnel. We will also perform certain beginning balance audit procedures on material balances and significant audit areas with higher risk.

3. What will be the roles of each person during the audit?

Sheldon will be the Engagement Partner and will **supervise** the audit in the field with three to four professional staff. Sheldon will be responsible for the workpapers, audit binder, assisting with staff assignments. Other professional staff will perform fundamental testing based on the audit plan and their assignments.

4. Where do you draw the line between assisting and consulting, and what kind of year-round help is included in your proposal?

Year round help is included as needed and is unlimited. Feel free to call or schedule an appointment anytime. Consulting and assisting are really one in the same from our perspective, since we consult and assist throughout the engagement and consultations are included in our fee.

5. How do you address continuity of staff:

a. From interim to final

The engagement partner will be in the field during interim and final, but generally we have the team during both interim and final.

b. From year to year

The partners will be in the field each year. If something were to happen to a partner, Michael Djurovic would step-in. We anticipate that three staff assigned to the engagement will not change from year to year.

6. How do you ensure that there is a good wrap-up once final field work is done?

On the last day of the audit, or other time as agreed, Sheldon will meet with management to discuss the timing of the wrap-up work. From that point, constant communication is made to ensure all deadlines are met.

7. What concerns do you have with meeting the schedule in the RFP?

None. The timeline fits nicely into our schedule.



Section I – Common Questions and Answers

San Carlos School District Proposal for Auditing Services

8. What type of level of the District staff support is built into your proposal?

All Partners and staff are available 12 months a year as needed. We expect that reasonable requests will be made but there is no limitation. the District staff support during the audit will include having the items noted in the interim and year-end PBC lists ready on the first day of field work, providing adequate work space, and timely response to audit inquiries.

9. How much on-site time do you project?

We expect the audit to take about 3 days each during interim and year-end **on-site**, depending on the availability of the District staff, attendance clerks and other key employees.

10. What do you consider when making recommendations on internal controls?

We consider the level of personnel involved, whether the recommendation is value added, the costs and benefits of the recommendation, what compensating controls may exist, who is impacted by the issues at hand, what does this finding really mean, how may this impact staff and the District overall. Technically speaking, we consider whether the likelihood of a misstatement is remote or more than remote, and if the magnitude of the misstatement, or potential misstatement, was inconsequential, more than inconsequential, or material.

11. How do you ensure coverage in the event of illness, other obligations, etc.?

In the event of illness, Paul Pham or Bryan Kwon can run the audit if the engagement Partner is unable to do so.

We meet once a week to discuss our client base, available staffing, opportunities for growth and our schedules.

12. How do you keep up-to-date on GASB rules and do you inform clients of changes?

We use RIA checkpoint online as our research tool. We attend California Education Foundation, AICPA and other seminars and webinars. We have a subscription to online CPE, GFOA newsletters, the Journal of Accountancy and various other newsletters. When changes occur that we believe to be significant to our clients, we include those in our newsletter which goes via e-mail to all our clients.

13. Who will attend the entrance and exit meetings from your staff?

Sheldon, Paul or Bryan will be available to attend the entrance and exit conferences. Sheldon generally attends all entrance and exit conferences.



ATTACHMENTS

Attachment A

CHIANG, HAMMON & COMPANY

Certified Public Accountants

2007 W. Hedding Street, Suite 209 San Jose, CA 95128

(408) 244-2002 (408) 244-2333 Fax

System Review Report

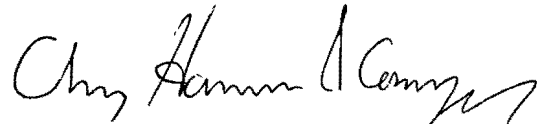
June 10, 2014

To the Members of Chavan & Associates LLP
and the Peer Review Committee of the CalCPA

We have reviewed the system of quality control for the accounting and auditing practice of Chavan & Associates LLP in effect for the year ended December 31, 2013. 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 a part of our peer 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 reasonable assurance of conforming 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 my 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 the *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Chavan & Associates LLP. in effect for the year ended December 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of conforming with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Chavan & Associates LLP has received a peer review rating of *pass*.



Chiang, Hammon & Company