

**AMENDMENT No. 1 TO AGREEMENT**

**BETWEEN THE COUNTY OF SAN MATEO AND MACIAS, GINI & O'CONNELL, LLP**

This Amendment No. 1 to the Agreement is entered into this May 20, 2025, by and between the County of San Mateo, a political subdivision of the state of California, hereinafter called "County," and Macias, Gini & O'Connell, LLP, hereinafter called "Contractor." County and Contractor may be collectively referred to herein as "Parties" or individually as a "Party."

\* \* \*

Whereas, pursuant to Section 31000 of the California Government Code, County may contract with independent contractors for the furnishing of such services to or for County or any Department thereof; and

Whereas, on May 23, 2023, pursuant to County Board of Supervisors Resolution No. 079628, the County and Contractor entered into that certain Agreement Between the County of San Mateo and Macias, Gini, & O'Connell, LLP (the "Agreement"), under which Contractor agreed to provide professional financial auditing services to the County for the term of May 23, 2023 through May 22, 2025, for payment in an amount not to exceed \$957,250, with an option to extend the term at the County's election for one additional year through May 22, 2026 for an additional payment of \$500,250, for a total maximum fiscal commitment of \$1,457,500; and

Whereas, the Parties wish to amend the Agreement to add specified services and increase the County's maximum payment obligation by \$75,000 for a new total not-to-exceed amount of \$1,532,500, and to make such other amendments as set forth herein.

**Now, therefore, it is agreed by the parties to this Agreement as follows:**

1. Section 3 (Payments) of the Agreement is amended and restated in its entirety to read as follows:

In consideration of the services provided by Contractor in accordance with all terms, conditions, and specifications set forth in this Agreement and Exhibit A, County shall make payment to Contractor based on the rates and in the manner specified in Exhibit B. County reserves the right to withhold payment if County determines that the quantity or quality of the work performed is unacceptable. In no event shall County's total fiscal obligation under this Agreement exceed One Million Five Hundred Thirty-Two Thousand Five Hundred Dollars **(\$1,532,500)** for the term of the Agreement from May 23, 2023 through May 22, 2026, In the event that the County makes any advance payments, Contractor agrees to refund any amounts in excess of the amount owed by the County at the time of contract termination or expiration. Contractor is not entitled to payment for work not performed as required by this agreement.

2. Exhibit A to the Agreement is amended and restated in its entirety and replaced with the revised Exhibit A attached hereto and which is incorporated by reference as if fully set forth herein.
3. Exhibit B to the Agreement is amended and restated in its entirety and replaced with the revised


Exhibit B attached hereto and which is incorporated by reference as if fully set forth herein.

4. All other terms and conditions of the Agreement shall remain in full force and effect.

\* \* \*

In witness of and in agreement with this Agreement's terms, the parties, by their duly authorized representatives, affix their respective signatures:

For Contractor: **MACIAS, GINI & O'CONNELL, LLP**

	May 1, 2025	Benjamin Lau
Contractor Signature	Date	Contractor Name (please print)

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COUNTY OF SAN MATEO

By:  Resolution No. 081155  
President, Board of Supervisors, San Mateo County

Date: May 20, 2025

ATTEST:

By:   
Clerk of Said Board

### **Exhibit A**

In consideration of the payments set forth in Exhibit B, Contractor shall provide the following services:

1. The Contractor shall, conduct an audit of the financial statements of the County in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The audit shall conduct such tests of the accounting records and such other auditing procedures considered necessary under the circumstances in order that the Contractor may render an opinion of the financial reports of the County for the fiscal year ending June 30.

The Contractor is not required to audit the introductory section of the County's Annual Comprehensive Financial Report (ACFR) or the statistical section of the ACFR or the combining and individual fund financial statements and supporting schedules. However, the Contractor is to provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements.

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

The schedule for the fiscal year ending on June 30, 2023 audit of the (ACFR) is provided below. A similar time schedule will be developed for audits of future fiscal years. Each of the following should be completed by the Contractor no later than the dates indicated. Should the **County** require additional time up to 40 days, the Contractor shall ensure that the necessary Contractor resources remain available to complete the audit as close to the scheduled dates as possible.

<b>EVENT</b>	<b>NO LATER THAN DUE DATE</b>
Detailed Audit Plan - The Contractor shall provide County a list of all schedules to be prepared by the County.	June 6, 2025
Complete Interim Work	July 18, 2025
Complete Fieldwork	October 17, 2025
Draft Reports - The Contractor shall have drafts of the following audit reports and recommendations to management available for review by the Controller and County Executive.	
- Annual Comprehensive Financial Report (ACFR)	November 14, 2025
- JPFA	September 21, 2025

- San Mateo Medical Center	October 24, 2025
Entrance Meetings, Progress Reports and Exit Meetings. A similar time schedule will be developed for audits of future fiscal years. At a minimum, the following meetings should be held within the week of the dates indicated:	
<ul style="list-style-type: none"> <li>Entrance conference with all key finance department personnel and department heads of key offices or programs. The purpose of this meeting will be to discuss prior audit findings and the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for work space and other needs of the Contractor.</li> </ul>	
<ul style="list-style-type: none"> <li>Ongoing weekly status update.</li> </ul> <p>Note: The purpose of this meeting will be to update progress of audit and to identify internal controls or other matters to address.</p>	
<ul style="list-style-type: none"> <li>Exit meetings.</li> </ul> <p>Note: The purpose of this meeting will be to summarize the results of the field work and to review significant findings.</p>	
<ul style="list-style-type: none"> <li>Date Final ACFR is Due</li> </ul> <p>The Controller shall prepare draft financial statements, based on the available information, notes and required supplementary schedules and statistical data by predetermined date. The Contractor shall provide all recommendations, revisions and suggestions for the financial report to predetermined date.</p> <p>The Controller will incorporate all recommendations, revisions, and suggestions into the draft report as expeditiously as possible. It is expected that this process should not exceed one week. During that period, the Contractor should be available for meetings that may be necessary to discuss the audit reports. Once all issues are resolved, the final signed report shall be delivered to the Controller within 5 working days. It is anticipated that this process will be completed and the final report delivered no later than the first Friday in November.</p> <p>The Contractor shall deliver the report electronically and via hardcopies.</p>	

2. The Contractor shall conduct a Single Audit up to 9 programs for the fiscal year ending June 30, 2024 and up to 10 programs for the fiscal year ending June 30, 2025 in accordance with OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The Contractor shall, in conjunction with the audit of the County's financial statements, conduct audits described in the following three (3) paragraphs and issue separate reports thereon:
  - a. The audits shall be performed in accordance with the audit requirements of the US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

- b. The Contractor's examination of the County's financial statements shall be the financial type described in the American Institute of Certified Public Accountants (AICPA) Industry Audit Guide, *Audits of State and Local Governmental Units* and the *Governmental Accounting and Financial Reporting Standards* published by GASB. The examination shall be conducted in accordance with auditing standards generally accepted in the United States of America leading to the expression of an opinion in compliance with the regulations of the California State Board of Accountancy, Article 9 – Rules of Professional Conduct, Section 58.
  - c. The compliance examination shall enable the Contractor to determine whether the organization has complied with the laws and regulations that may have a material effect on each major Federal assistance program. The Contractor shall supply special reports and expressions as required by the cognizant agency and express an opinion on the County's compliance with all Federal assistance programs in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Audits of secondary recipients are excluded from this agreement.
3. Upon completion of the audit of each fiscal year's financial statements (described in 1 and 2 above) the Contractor shall issue to the Controller and Board of Supervisors of the County of San Mateo the following:
- A report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.
  - A report on compliance and internal control over financial reporting based on an audit of the financial statements.
  - A report on compliance with requirements that could have a direct and material effect on each major program and a report on and internal control over compliance and on the Schedule of Expenditures of Federal Awards based on a single audit of federal awards.

In the required reports on compliance and internal controls, the Contractor shall communicate any control deficiency that is considered a material weakness or a significant deficiency found during the audit. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or a combination of control deficiencies such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

The reports on compliance and internal controls shall include all instances of noncompliance.

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Each year the Contractor shall communicate in writing to management matters required to be communicated under the auditing standards described in this section. Such matters shall include but not be limited to control deficiencies identified during the audit that are considered significant deficiencies or material weaknesses, including matters that were communicated in previous audits and have not yet been remediated.

Each year the Contractor shall also communicate in writing to management matters related to internal control that the Contractor believes to be of potential benefit to the entity, such as recommendations for operational or administrative efficiency, or for improving internal control.

The audits (described in 1 and 2 above) should also include a review to determine if the County is complying with the uniform accounting standards and procedures as specified by the State of California Code of Regulations.

4. For each fiscal year ending June 30, the Contractor shall conduct an examination and prepare separate reports on the County's compliance with the Investment Policy adopted by the Board of Supervisors and other relevant Government Code sections.
5. For each fiscal year ending June 30, the Contractor shall review the calculations of the appropriations limits of the County pursuant to the provisions of Proposition 111 (Section 1.5 of Article XIII B of the California Constitution). The review will evaluate the accuracy of the computations and the adequacy of documentation. The Contractor shall provide a separate report thereon.
6. District Attorney – Grants (3). The Contractor shall audit the following three grants for the District Attorney's Office and issue separate reports thereon in accordance with grant requirements:  
California Department of Insurance
  - Automobile Insurance Fraud Grant - Sub-Org 25132
  - Worker's Compensation Insurance Fraud Grant - Sub-Org 25131
  - Disability and Healthcare Insurance Fraud Program - Sub-Org 25134
7. The Contractor shall audit the Joint Powers Financing Authority (JPFA) and issue a report thereon. These financial statements will be blended into the County's financial statements.
8. The Contractor shall perform a separate, stand-alone audit of the San Mateo Medical Center enterprise funds (inclusive of Clinics) and issue a report thereon. This audit shall be performed in accordance with auditing standards generally accepted in the United States of America and shall comply with the applicable AICPA audit guide(s).
9. The Contractor shall audit the San Mateo County Local Transportation Fund and issue a report thereon.

#### **10. Auditing Standards to be Followed**

The audit shall be performed in accordance with generally accepting auditing standards as set forth by AICPA, the standards for financial audits set forth in the Government Accountability Office Government Auditing Standards (2018), and the provisions of OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

#### **11. Irregularities and illegal acts**

Contractor shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the County.

#### **12. Required Communication to the County**

Contractor shall ensure that the County is informed of each of the following:

- a) The Contractor's responsibility under auditing standards generally accepted in the United States of America and 2 CFR part 200, subpart F (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards).
- b) Significant accounting policies
- c) Audit adjustments
- d) Disagreements with management
- e) Consultations with other independent accountants
- f) Significant issues and concerns
- g) Difficulties in performing the audit

#### **13. Special Considerations**

- a. The County will send its ACFR to the Government Finance Officers Association of the United States and Canada for review in the Certificate of Achievement for Excellence in Financial Reporting program. The Contractor will be required to provide assistance, primarily in the form of a technical review and guidance, to the County to meet the requirements of that program. Should the Award not be received for any fiscal year covered by the contract, it shall be considered sufficient grounds for the County to terminate the contract.
- b. The Schedule of Expenditures of Federal Awards and related Contractor's report, as well as the reports on compliance and internal controls are not to be included in the ACFR, but are to be issued separately.

#### **14. Working Paper Retention and Access to Working Papers**

All working papers and reports must be retained, at the Contractor's expense, for a minimum of seven (7) years, unless the Contractor is notified in writing by the County of the need to extend the retention period. The Contractor will be required to make working papers available, upon request, to the following parties or their designees:

- County Management
- Government Accountability Office
- Parties designated by the federal or state governments or by the County as part of an audit quality review process.
- Auditor of entities of which the County is a sub-recipient of grant funds

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

**15. Due Dates for reports listed in this section.**

<b>Deliverable*</b>	<b>Due Date</b>
* All reports require electronic copy and hard copies	
• <b>JPFA Report</b>	2 <sup>nd</sup> Thursday in October
• <b>Annual Comprehensive Financial Report (ACFR)</b>	3 <sup>rd</sup> Wednesday in November
• <b>Report on Appropriation Limit</b>	September 30
• <b>Medical Center Enterprise Funds Audit Report</b>	5 <sup>th</sup> Wednesday in October
• <b>Investment Policy Report</b>	September 30
• <b>All District Attorney's Reports</b>	November 14
• <b>Single Audit Report</b>	March 30
• <b>Management Letter</b>	March 30
• <b>Local Transportation Fund</b>	November 21



## **Exhibit B**

In consideration of the services provided by Contractor described in Exhibit A and subject to the terms of the Agreement, County shall pay Contractor based on the following fee schedule and terms:

### **Fee Schedule for Auditor Services**

The terms of this Agreement shall cover audit services relating to FY 2023, FY2024, and FY 2025 and shall not exceed an aggregate total of \$1,532,500 for those years (\$471,550 for FY 2023, \$515,700 for FY 2024, and \$545,250 for FY 2025).

<b>Deliverable Report</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
Annual Comprehensive Financial Report	\$ 211,950	\$ 218,300	\$ 224,850
Single Audit (up to 7 programs for FY2023, and up to 9 programs for FY2024, and projected up to 10 programs for FY2025)	\$ 107,700	\$ 140,950	\$ 159,300
Investment Policy Agreed Upon Procedures	\$ 10,200	\$ 10,500	\$ 10,800
Appropriations Limit Agreed Upon Procedures	\$ 1,750	\$ 1,800	\$ 1,850
District Attorney's Grants Audits	\$ 14,300	\$ 14,750	\$ 15,200
Joint Powers Financing Authority	\$ 27,750	\$ 28,600	\$ 29,450
San Mateo Medical Center	\$ 94,150	\$ 96,950	\$ 99,850
Local Transportation Fund	\$ 3,750	\$ 3,850	\$ 3,950
<b>Grand Total</b>	<b>\$ 471,550</b>	<b>\$ 515,700</b>	<b>\$ 545,250</b>