

SOUTH BAY CITIES COUNCIL OF GOVERNMENTS

Sophia Kuo, CPA, MBA

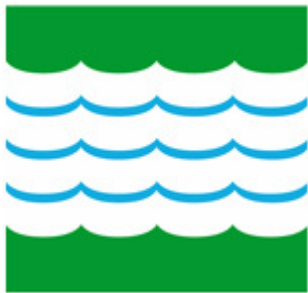
Partner

200 E. Sandpointe Ave., Suite 600, Santa Ana, CA 92707
(949) 777-8809 | sophia.kuo@pungroup.cpa

March 28, 2025

PROPOSAL

Professional Auditing Services



SOUTH BAY CITIES
COUNCIL OF GOVERNMENTS





In Memoriam
Kenneth H. Pun, CPA, CGMA
Founder

WHY CHOOSE THE PUN GROUP LLP?

“ The Pun Group’s most valuable asset is our people, they and their deep experience drive our every interaction with clients. ”

- Big firm expertise, small firm values
- Personal attention meets technical expertise
- A unique firm culture
- Innovation embraced
- Achievable plans to move your organization forward

The Pun Group LLP is recognized for its professionalism, integrity and for providing clients with practical solutions unique to their circumstances and issues. You will receive a superior level of service and a quality audit.

Thank You!

Thank you for allowing us to submit our qualifications to provide you with Professional Auditing Services.

A handwritten signature in black ink that reads "The Pun Group, LLP". The script is fluid and cursive.

The Pun Group LLP
Certified Public Accountants and Business Advisors

Table of Contents

Transmittal Letter	1
Independence	3
License to Practice in California.....	3
Firm Qualifications and Experience	4
Partner, Supervisory, and Staff Qualifications and Experience.....	8
Specific Audit Approach.....	17
Cost Proposal.....	22
Let's Get to Work!	24
Appendix A – Available Training	i
Appendix B – Certificate of Insurance	ii

**For the 5th consecutive year,
The Pun Group has been honored with the
"Best of Accounting" Award.**



The Pun Group ^{LLP} is proud to have won 2025's Best of Accounting® award from ClearlyRated for consistently delivering exceptional service to its clients for the fifth consecutive year.

Winners of such awards have proven to be industry leaders in service quality based entirely on ratings provided by their clients. On average, clients of 2025 Best of Accounting winners are 70% more likely to be satisfied than those who work with non-winning firms.

"I am pleased to introduce the 2025 Best of Accounting winners alongside their validated service ratings on ClearlyRated.com," said ClearlyRated's CEO, Eric Gregg. "These firms have demonstrated a remarkable commitment to delivering amazing experiences despite another year of upheaval and macroeconomic uncertainty. Hats off to these service leaders - it's truly an honor to recognize and celebrate their achievements."

The Pun Group ^{LLP} received satisfaction scores of 9 or 10 out of 10 from 94.1% of their clients, significantly higher than the industry's average of 50%.

Our firm excelled in five key areas: Responsiveness, Quality, Value, Needs Understanding, and Proactive Approach.

About ClearlyRated

Rooted in satisfaction research for professional service firms, ClearlyRated utilizes a Net Promoter® Score survey program to help professional service firms measure their service experience, build an online reputation, and differentiate on service quality.

For the 2nd consecutive year, INSIDE Public Accounting has recognized The Pun Group as one of the Top 500 Firms and one of the fastest-growing firms.

“

“Excellent customer service and staff and partners are expert in their fields.”

Lani H.

State and Local Government Client

“

“The Firm has consistently exceeded our expectations as an auditor.”

Clint O.

State and Local Government Client

“

“We started using Pun Group when the pandemic first started two years ago so had a little apprehension about doing everything remotely with a new firm. But the audit went very well and was completed on time without problem.”

Kevin W.

State and Local Government Client

“

“An excellent partner and amazing service.”

Jim T.

Private Sector Client





March 28, 2025

South Bay Cities Council of Governments
Lara Gerges, Administrative Officer
2355 Crenshaw Blvd., #125
Torrance, CA 90501

Re: RFP for Professional Auditing Services

Dear Lara Gerges:

On behalf of The Pun Group LLP, we are pleased to present our proposal to continue providing Professional Auditing Services to the South Bay Cities Council of Governments (the "SBCCOG") for the fiscal years ending June 30, 2025 through June 30, 2029. We deeply appreciate the trust you have placed in us as your auditors, and we are honored by the opportunity to extend our partnership for another five years.

Over the years, we have developed a comprehensive understanding of SBCCOG's operations, allowing us to deliver high-quality, efficient, and insightful audit services. This familiarity has enabled us to provide valuable observations that support SBCCOG staff and enhance financial transparency. We take great pride in our responsiveness, reliability, and ability to deliver timely, high-quality services that align with your needs. We are gratified that SBCCOG has expressed satisfaction with our work, and we remain committed to upholding the highest standards of professionalism and excellence.

Our Firm remains the right choice for SBCCOG for the following reasons:

In-Depth Understanding of Governmental Audits & Your Needs. The Pun Group specializes in governmental auditing and serves numerous municipalities across California, including Ventura, Coachella, Corona, Fresno, Lakewood, Palm Springs, and more. Our engagement team brings deep expertise in addressing the unique challenges faced by government entities, including regulatory changes, evolving economic conditions, and compliance requirements.



Proven Leadership & Industry Recognition. As a recognized leader in the governmental sector, The Pun Group holds licensure in California, Arizona, and Nevada. Our professionals are highly credentialed, maintaining active CPA licenses and fulfilling all continuing education requirements under U.S. GAO's Government Auditing Standards. We are proud members of the AICPA Government Audit Quality Center, reinforcing our dedication to audit excellence.

We strongly believe that part of our success is credited to our professionals' participation in various industry-leading organizations. Such affiliations are critical to addressing emerging accounting and auditing issues within the industry environment.

South Bay Cities Council of Governments



Commitment to Innovation & Efficiency. We continuously seek ways to enhance audit efficiency and effectiveness through technology, including:

Secure Data File Transfer System – Our use of Suralink streamlines document request management, ensuring a more efficient and transparent process for your team.

AI-Enhanced Auditing – Leveraging artificial intelligence allows us to accelerate audit processes while maintaining accuracy and reducing risks.

Remote & On-Site Capabilities – We provide flexible auditing solutions, whether fully remote, hybrid, or in-person, ensuring uninterrupted service delivery.



Ongoing Knowledge Sharing & Professional Development. As part of our commitment to supporting SBCCOG, we offer complimentary access to our annual Virtual Government Accounting Conference, providing up to 15 CPE hours—nearly double the industry standard. This initiative ensures your team stays informed about emerging accounting and auditing developments at no additional cost.

At The Pun Group, we value diversity, equity, and inclusion, fostering an environment that embraces equal opportunity and professional growth. We are honored to continue our longstanding relationship with SBCCOG and are eager to build on the strong foundation we have established.

This proposal is a firm and irrevocable offer, valid for ninety (90) days following the closing date for proposal submissions. We greatly appreciate your consideration and look forward to continuing to serve SBCCOG with excellence.

I am your primary point of contact for contract negotiations and am authorized to legally bind the Firm. Should you have any questions or require further discussion, please do not hesitate to contact me at (949) 777-8809 or via email at sophia.kuo@pungroup.cpa.

Sincerely,

Sophia Kuo, CPA, MBA | Partner | The Pun Group LLP
200 East Sandpointe Avenue, Suite 600, Santa Ana, CA 92707

Independence

Independence

The Pun Group, ^{LLP} upholds strict independence standards that, in many cases, exceed those set by the American Institute of Certified Public Accountants (AICPA). We certify that our firm is fully independent of the South Bay Cities Council of Governments (SBCCOG) and meets all independence requirements established by the U.S. Government Accountability Office's (GAO) Government Auditing Standards and the AICPA.

We have identified no conflicts of interest that would impact our ability to perform the requested services. Should any professional relationships arise during the engagement period, we will promptly provide written notice to the SBCCOG.

Insurance

If selected, The Pun Group, ^{LLP} will maintain the required insurance coverage throughout the term of the agreement. Within 10 days of contract execution, we will provide proof of insurance, including verification that our carriers will issue at least 30 days' written notice before any policy cancellation.

Additionally, the South Bay Cities Council of Governments will be named as an additional insured under our policies. A copy of our current certificate of insurance is included in the *Appendices* of this proposal.

License to Practice in California

License to Practice in California

The Firm and all key professional staff are licensed by the State of California to practice as Certified Public Accountants and meet the Continuing Professional Education requirements under US GAO's Government Auditing Standards to perform the proposed audits.

Firm Registration:

California State Board of Accountancy Number – PAR 7601
Federal Identification Number – 46-4016990

Firm Qualifications and Experience

Established in 2012, The Pun Group, LLP stands as a limited liability partnership comprising a team of sixty dedicated professionals who specialize in providing auditing, accounting, and advisory services. Our firm, which includes Certified Public Accountants and Business Advisors, has garnered recognition as one of the foremost accounting entities in Orange County, as acknowledged by the Orange County Business Journal. Additionally, we proudly secure a place among the CalCPA Top 150 firms.

Our distinction within the industry lies in the fusion of hands-on experience and pragmatic knowledge demonstrated by our audit professionals. This combination sets our firm apart. We possess a profound grasp of prevailing regulations and issues bolstered by our technical acumen. Furthermore, our commitment to diligence, integrity, and collaborative teamwork is evident in every engagement we undertake, thus contributing to our clients' success.

The Partners' Group is a distinguished assembly comprising notable professionals such as Frances Kuo, Coley Delaney, Andrew Roth, John Georger Jr., Jim Fritzsche, and Sophia Kuo. We specialize in providing auditing, accounting, and advisory services to numerous governmental entities across the United States. With a collective experience of over two centuries, we have established ourselves as a trusted business ally and have gained recognition as industry leaders in a rapidly expanding market. Our dedication to the field is evident through our work with nearly 100 government and not-for-profit audit clients, demonstrating our unwavering passion and unparalleled municipal experience.

Moreover, our practices adhere to professional standards embraced nationwide within the United States of America, including the rigorous criteria outlined in the *Government Auditing Standards* issued by the Comptroller General of the United States.

The Firm's headquarters are located in Orange County, California, with five branches in San Diego, Walnut Creek, Sacramento (California), Las Vegas (Nevada), and Phoenix (Arizona).

The *Orange County Office*, located at 200 East Sandpointe Avenue, Suite 600, Santa Ana, CA 92707, will perform the requested services for the SBCCOG. However, we may assign additional staff from our other offices to the engagement at no extra cost to the SBCCOG. No subcontractors will be used in this engagement.

Global Capabilities

The Pun Group, LLP is an independent member of Allinial Global, an association of over 100 independent accounting and consulting firms. Based in North America, Allinial Global offers international support by connecting its member firms to providers and global networks of accounting firms worldwide.

OUR FIRM AT A GLANCE



60 full-time auditing, accounting, tax and advisory professionals



One of the fastest growing firms serving California, Nevada and Arizona



Client retention rate: 90 – 95%



6 offices across 3 states



OUR AFFILIATIONS



Full-Time Government Auditors

As full-time government auditors, we understand that governmental entities do not operate independently but in an increasingly complex web of local, state, and federal relationships. We know how these relationships work, what they mean at the local level, and how every public organization's focus on resource management is critical to success.

Also, while many accounting Firms can provide services, not all can build excellent working relationships with their clients. The Pun Group ^{LLP} prides itself on developing lasting, personal relationships with our clients. Our hands-on partner involvement and low personnel turnover are crucial tools to our success and are highly beneficial to the SBCCOG.

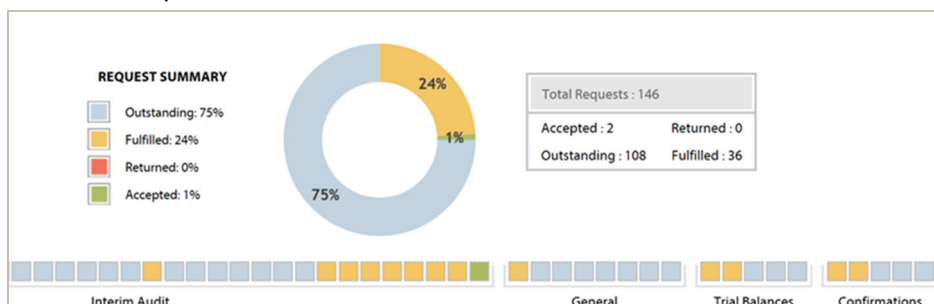
Local Office's Information Technology (IT) Audit Capabilities

The Pun Group ^{LLP} continues our efforts to invest in our IT system to enhance our security further and promote audit efficiency.

Top security for your data is the key to our success. When we have your data virtualized, our Firm takes all the preventive steps to avoid putting your information at risk. Our In-House IT administrator maintains our server to ensure our IT environment is continuously updated with the latest security fixes. Through VPN and Microsoft Remote Desktop, our In-House network administrator can lock down files and system access from a single point, limiting the ability of remote sites to take data from our server.

Access to systems from anywhere and anytime. With more mobility being the norm rather than the exception, our engagement team needs robust access to the engagement files when they are working in your office. Accounting and Auditing Software applications are installed in our "Private" server and can be securely accessed through VPN and Microsoft Remote Desktop. The Firm uses CCH ProSystem fx® Engagement for audit documentation, which allows real-time synchronization of the work papers and instant collaboration quality control review.

Secure Data File Transfer System. In order to improve audit efficiency, workflow management software plays an essential role between your organization and our engagement team. We employ a secure data file transfer system called *Suralink*. *Suralink*'s dynamic request list is integrated with our secure file-hosting system for seamless document-request coordination. It means all our requests are in one place, updated in real-time, and accessible by everyone working on the engagement. As a client, you no longer have to manually maintain a spreadsheet amongst several people, only to repeat the process in a day or two. Not only makes the operation more cost-efficient, but it also enables you and your team to spend your time getting the job done, not reconciling a messy list of outstanding items. The *Suralink* dashboard, as shown below, allows you to visualize the process of document-request fulfillment.



BIG FIRM EXPERTISE. SMALL FIRM VALUES.

Our professional backgrounds at major national firms showed us how to solve complicated business and accounting challenges, but the sense of personal connection was missing.

We launched The Pun Group because we believe every client deserves to work with experienced business advisors and CPAs who have the time – and take the time – to create an authentic connection. Every client is our top priority!



A UNIQUE CULTURE.

"Personalization" is not just a buzzword – it's part of our firm's culture. We take a personal approach to everything we do. We collaborate with our clients, so they're always part of the process. We listen to our staff to make sure they have the right support and resources to do a great job. Getting to know others and discovering how we can serve them better is not just a sign of good business practices; it's a sign of good people.



INNOVATION EMBRACED.

New ideas keep you ahead of the game. From leveraging the value of emerging technologies to further refining trusted processes, we adopt proven solutions to meet your needs.



WHERE YOU GO, WE GO. WHERE YOU GROW, WE GROW.

Our success is defined by how you achieve yours. Partner with accomplished accounting and financial professionals who are laser-focused on taking your business to the next level.

South Bay Cities Council of Governments

Our Services

Our partners and seasoned professionals are always available, guiding clients through their periods of rapid growth as well as difficult times. We are able to do that by offering a portfolio of accounting services that are as diverse as the jurisdictions and entities themselves. The Pun Group LLP has successfully provided professional auditing, accounting, financial reporting, and management advisory/consulting services to a broad spectrum of governmental entities.



ASSURANCE

- Financial statements audits
- Compliance audits
- Performance audits
- Internal audits
- Service organization controls audits



ADVISORY

- Operational reviews/risk advisory services
- Forensic investigation
- Financial condition analysis
- Organizational structure review
- Cash flow analysis
- Debt restructuring consultation
- Litigation restructuring consultation



OTHER SERVICES

- Assistance with the preparation and review of the Annual Comprehensive Financial Report
- Government property lease excise tax compliance review
- Sub-recipient monitoring
- Implementation of new GASB pronouncements
- Audit readiness services
- Contract Finance Director/Accountant services

Joint Venture or Consortium

This project will not be accomplished by a Joint Venture or consortium. No subcontractors will be hired and/or utilized to provide the requested services to the SBCCOG.

Peer Review

As a member of the American Institute of Certified Public Accountants (AICPA), The Pun Group LLP undergoes an independent peer review every three years to ensure the highest standards in audit and accounting practices. This rigorous review evaluates our quality control policies, administrative processes, professional staff, and a representative sample of engagements, including governmental audits. The latest review confirmed our full compliance with AICPA's stringent quality standards, earning us a peer review rating of "Pass." A copy of our most recent peer review is presented on the following page:



Report on the Firm's System of Quality Control

To the Partners of
THE PUN GROUP, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of The Pun Group, LLP (the firm) in effect for the year ended December 31, 2023. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and audits of employee benefit plans.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

In our opinion, the system of quality control for the accounting and auditing practice of The Pun Group, LLP in effect for the year ended December 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. The Pun Group, LLP has received a peer review rating of *pass*.

GVL LLP

Ontario, California
December 30, 2024

CPAs • Advisors

4120 Concourse, Suite 100, Ontario, CA 91764
909.948.9990 / 800.644.0696 / FAX 909.948.9633
gyl@gylcpa.com
www.gylcpa.com

CPAmerica
Member Crowe Global



Federal or State Desk Review

No federal or state desk reviews or field reviews have been undertaken of any audits performed by the Firm or any of its partners, managers, or professionals during the past three (3) years.

Disciplinary Action

State regulatory bodies or professional organizations have taken no disciplinary action against the Firm or any of its partners, managers, or professionals during the past three (3) years.

The Firm has no conditions such as bankruptcy, pending litigations, planned office closures, mergers, or any organizational conflict of interest that may affect the ability of the Firm to perform the required duties requested by the South Bay Cities Council of Governments.

Partner, Supervisory, and Staff Qualifications and Experience

Who We Are

At The Pun Group, LLP, we take great pride in our long-standing relationship with the South Bay Cities Council of Governments (SBCCOG) and our commitment to delivering high-quality audit services. Our carefully selected engagement team brings extensive governmental auditing experience, ensuring a smooth and efficient audit process. The assigned Engagement and Technical Partners will be actively involved, leading a team with deep expertise in government accounting, compliance, and financial reporting.

Your Engagement Team

Our audit professionals are fully qualified and highly experienced in governmental audits. They possess in-depth knowledge of GASB pronouncements, the Single Audit Act, Uniform Guidance (formerly OMB Circular A-133), and fund operations. Many have held key roles in public accounting and government agencies, allowing them to provide valuable insights, practical solutions, and technical support throughout the engagement.

We understand the complexities of governmental entities and their interconnected relationships at the local, state, and federal levels. Our experience enables us to anticipate challenges, offer proactive recommendations, and ensure compliance with evolving regulations.

Beyond technical expertise, we prioritize strong client relationships. Our low personnel turnover and hands-on partner involvement foster consistency and trust, ensuring the SBCCOG receives personalized service and seamless communication.

Commitment to Independence & Continuity

Recognizing the importance of audit independence, we proactively rotate engagement partners, managers, and supervisors to maintain objectivity while ensuring continuity of service. Any key personnel changes will be communicated in writing, and replacements will meet or exceed the qualifications and experience required to serve the SBCCOG effectively.

We look forward to continuing our partnership and delivering exceptional audit services that align with the SBCCOG's mission and operational needs.



Sophia Kuo, CPA, MBA | Engagement/Lead Partner

Sophia Kuo is an Assurance Services Partner in the Firm who holds an Advanced Certification in Single Audits through the AICPA. She possesses extensive auditing experience, including cities, counties, special districts, and not-for-profit entities. She will work closely with the engagement partners directing and supervising the audit team in its daily activities and tasks. She is a Certified Public Accountant and possesses an MAcc in Accounting and an M.B.A. in Business Administration.

In her capacity as the Engagement/Lead Partner, Ms. Kuo will be overseeing the Engagement Team, developing the audit plan, reviewing fieldwork for quality, approving final reports, and communicating with the designated SBCCOG team.



Frances J. Kuo, CPA, CGMA | Technical/Concurring Partner

Frances Kuo is the Managing Partner at the Firm. She has extensive experience in providing audit and advisory services to local government agencies, including public pension plans, cities, counties, special districts, community colleges, and joint powers authorities, as well as not-for-profit organizations. Ms. Kuo brings a wealth of experience from her background in audits and advisory services in areas such as internal controls, policy development, and accounting system implementation. She is a Certified Public Accountant and a Chartered Global Management Accountant.

In her capacity as Technical/Concurring Partner, Ms. Kuo will assume the critical responsibility of conducting a secondary review of significant high-risk areas, audit reports, and the resolution of noteworthy accounting, auditing, and reporting matters. This pivotal role ensures a comprehensive and meticulous approach to our services.

South Bay Cities Council of Governments



Suzette Reyes, CPA | Engagement Manager

Suzette is an Assurance Services Manager within the Firm. She will secure the effective implementation of the services approach while assisting in the timely delivery of the requested services. She is a Certified Public Accountant.

Ms. Reyes will serve as the primary point of contact for your team and will provide updates on our team's progress to the engagement leaders and you.



Josh Hou, CPA | Senior Auditor

Josh Hou, a Senior Auditor within the Firm, will work alongside Ms. Wu and the engagement team to ensure the seamless execution of audit services. With a Master of Professional Accountancy and a Bachelor of Arts in Accounting, he will contribute to maintaining efficiency, accuracy, and adherence to audit standards throughout the engagement.

Continuing Education and Professional Development

Because of our commitment to providing the highest quality of services to the SBCCOG, we provide our professionals with technical training to ensure our people stay current on topics within the industry sectors and better equip themselves to serve our clients.

All professionals are required to obtain continuing education that exceeds the requirements of the American Institute of Certified Public Accountants (AICPA) and, where applicable, *Government Auditing Standards*. Our professionals participate in continuing education programs through the following means:

- Governmental Accounting and Auditing Conference sponsored by AICPA.
- Webinar sponsored by AICPA Government Audit Quality Center.
- Annual Conference sponsored by California Society Municipal Finance Officers.
- Governmental Accounting and Auditing Conference sponsored by CalCPA.
- The Pun Group in-house training on government-specific topics, including but not limited to GASB updates, Government Auditing Standards Revision, Fraud in State and Local Governments, COSO Internal Control-Integrated Framework, Audit of State and Local Governments, Single Audit, and Mindbridge AI Auditors™.



In 2024, our government professionals received an average of 52 hours of continuing professional education, compared with the 40 hours of accounting industry requirement.

By expanding our knowledge through these seminars/conferences, we can provide the right solutions to our clients.

Quality-Control System

Our Firm meticulously monitors the quality and contents of our reports. The Pun Group ^{LLP} is 100% committed to providing only the highest grade of work possible for our clients and for those who rely on our audits. The Firm strives to exceed professional industry standards because of the continuing respect for our clients and our emphasis on creating long-lasting relationships. The Pun Group ^{LLP} works exclusively with those who share the same moral integrity and values. Our quality-control system has been crafted with excellence in mind. It not only meets AICPA standards but also matches our own elevated standards, which include following various professional development activities.

Engagement Team Resumes

The South Bay Cities Council of Governments deserves experienced professionals who work as a team. The Pun Group ^{LLP} will provide qualified professionals to perform the audit. No subcontractors and/or consultants will be utilized to perform the requested services. Resumes for key engagement team members are presented as follows:

South Bay Cities Council of Governments



Sophia Kuo
CPA, MBA
Engagement/
Lead Partner



EMAIL

sophia.kuo@pungroup.cpa



WEBSITE

www.pungroup.cpa

Expertise:



CITIES



COUNTIES



TRANSPORTATION
AGENCIES



ENTERPRISE
OPERATIONS



HIGHER
EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:
California

EXPERIENCE

Sophia Kuo is a Partner within The Pun Group, LLP's Assurance division. In her ten years of accounting and auditing experience, Sophia has worked with governmental agencies, not-for-profit entities, and private for-profit entities. She possesses governmental expertise that ranges from GASB audit/reporting, Internal Controls/COSO Framework, Single Audit, Corporate Financial Reporting, Data Analysis, and Taxation.

Ms. Kuo has performed audits and other attestation services for several governmental agencies throughout California. Her portfolio includes cities, counties, redevelopment agencies, public financing authorities, housing authorities, transportation agencies, and special districts. Also, she has helped them publish their Annual Comprehensive Financial Reports in compliance with GASB Statement No. 34.

EDUCATION

Fu Jen Catholic University

B.A. Degree – International Trading and Finance, Emphasis in Finance

Idaho State University

Master of Accounting (MAcc)

Master of Business Administration (M.B.A.)



LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)

RELEVANT EXPERIENCE

- Las Virgenes Municipal Water District
- Central Basin Water District
- City of Desert Hot Springs
- City of Monterey
- City of Perris
- City of Stockton
- City of Visalia
- City of Coachella
- South Orange County Wastewater Authority
- Marina Coast Water District
- Valley Sanitary District
- City of Monterey Park
- City of Pomona
- City of Hercules
- City of Glendora
- City of Culver City

CONTINUING PROFESSIONAL EDUCATION

Various courses are offered by the Firm online through Thompson Reuters, AICPA, and CalCPA Education Foundation, including:

- Governmental and Non-profit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.

South Bay Cities Council of Governments



Frances J. Kuo
CPA, CGMA

Technical/
Concurring Partner



EMAIL

frances.kuo@pungroup.cpa



WEBSITE

www.pungroup.cpa

Expertise:



CITIES



COUNTIES



TRANSPORTATION
AGENCIES



ENTERPRISE
OPERATIONS



HIGHER
EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:
California
Arizona

EXPERIENCE

Frances Kuo serves as the Managing Partner at The Pun Group, LLP, bringing over seventeen years of experience in accounting and auditing. Her expertise spans engagements with governmental agencies, not-for-profit entities, and employee benefit plans. Frances excels in conducting financial audits compliant with GAO Yellow Book standards and compliance audits aligned with the Uniform Guidance framework, formerly known as OMB Circular A-133 standards.

In her role, Frances has led audits and provided attestation services to various municipalities across California. Her clientele includes cities, counties, successor agencies of former redevelopment agencies, housing authorities, public financing authorities, special districts, and transportation agencies. Frances's contributions have been pivotal in assisting clients in producing Annual Comprehensive Financial Reports in accordance with GASB Statement No. 34.

Within the firm, Frances takes on the role of an in-house instructor, dedicatedly providing theoretical and on-the-job training to junior staff members. She has played a key role in developing comprehensive training materials covering topics such as the risk-based audit approach, GASB Statement No. 34 reporting, Single Audits, and employee benefit plan audits.

Frances also provides peer review services to other CPA firms under the practice monitoring Program of the AICPA.

EDUCATION

University of California, Riverside

B.S. Degree – Business Administration, Emphasis in Accounting

University of California, Riverside

B.A. Degree – Economics

LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, Government Finance Officers Association (GFOA)

RELEVANT EXPERIENCE

- City of Coachella
- City of Culver City
- City of Monterey
- City of Palm Springs
- City of Seal Beach
- City of Corona
- City of Desert Hot Springs
- City of Paramount
- City of Santa Clarita
- City of Vernon

CONTINUING PROFESSIONAL EDUCATION

Various courses are offered by the Firm online through Thompson Reuters, AICPA, and CalCPA Education Foundation, including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.

South Bay Cities Council of Governments



Suzette Reyes
CPA

Engagement
Manager



EMAIL

suzette.reyes@pungroup.cpa



WEBSITE

www.pungroup.cpa

Expertise:



CITIES



TRANSPORTATION
AGENCIES



ENTERPRISE
OPERATIONS



NOT-FOR-PROFIT

Licensed to Practice in:
California

EXPERIENCE

Suzette Reyes is an Assurance Services Manager within The Pun Group LLP, with nine years of accounting and auditing experience.

Ms. Reyes has successfully performed audits and other attestation services for several governmental and nonprofit agencies.

Suzette will perform a significant amount of fieldwork, supervise all staff accountants, participate in the planning phase of the engagement, including the development of the overall audit plan and programs, and be heavily involved in the review and preparation of all reports.

EDUCATION

University of the East - Philippines

B.S. Degree – Accounting

LEADERSHIP & AFFILIATIONS

- Member, California Society of Certified Public Accountants (CalCPA)
- Member, Association of Certified Fraud Examiner (ACFE)

RELEVANT EXPERIENCE

- City of Gardena
- City of Palm Springs
- City of Seal Beach
- City of Monterey
- City of Montebello
- City of Arvin
- City of Dessert Hot Springs
- City of Bell
- City of Vernon
- City of Indio

CONTINUING PROFESSIONAL EDUCATION

Various courses offered by the Firm, online through Thompson Reuters, AICPA, CalCPA Education Foundation, including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.

South Bay Cities Council of Governments



Josh Hou

CPA

Senior
Auditor



EMAIL

josh.hou@pungroup.cpa



WEBSITES

www.pungroup.cpa

Expertise:



CITIES



TRANSPORTATION
AGENCIES



CHILD CARE
AGENCIES



ENTERPRISE
OPERATIONS



NOT-FOR-PROFIT



SINGLE AUDIT
COMPLIANCE

Licensed to Practice
in: California

EXPERIENCE

Josh Hou is a Senior Auditor within The Pun Group LLP, bringing five years of accounting and auditing experience. As a Certified Public Accountant, he has developed a strong foundation in financial reporting, internal controls, and compliance auditing.

Mr. Hou has successfully performed audits and other attestation services for numerous governmental and nonprofit agencies, ensuring adherence to regulatory requirements and industry best practices. His expertise includes evaluating internal controls, assessing financial statement accuracy, and identifying areas for operational improvement. He collaborates closely with engagement teams to drive efficiency and maintain the highest standards of audit quality.

EDUCATION

Azusa Pacific University

Master of Professional Accountancy,

Asbury University

Bachelor of Arts in Accounting,

LEADERSHIP & AFFILIATIONS

- Member, California Society of Certified Public Accountants (CalCPA)
- Member, American Institute of Certified Public Accountants (AICPA)

RELEVANT EXPERIENCE

- City of Gardena
- City of Glendora
- City of Coachella
- City of Montebello
- Orange County Business Council (OCBC)
- City of Seal Beach
- City of Perris
- City of Palm Springs
- San Bernardino County Preschool
- Springboard Nonprofit
- South Bay Regional Public Communications Authority
- South Bay Cities Council of Governments

CONTINUING PROFESSIONAL EDUCATION

Various courses offered by the Firm, online through Thompson Reuters, AICPA, CalCPA, AG Connect, Education Foundation, including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates
- Professional Development

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.

South Bay Cities Council of Governments

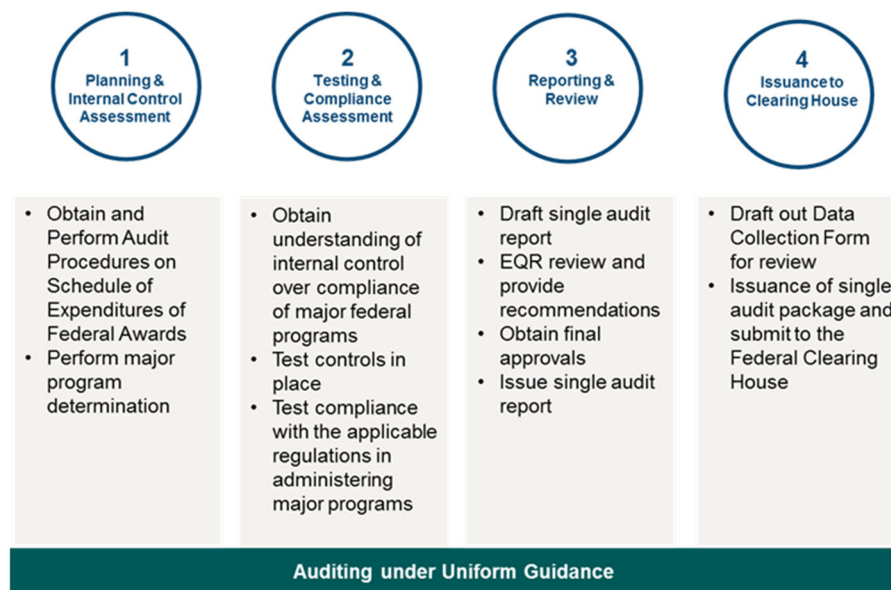
Firm's Experience with Single Audit and Grants

The Pun Group LLP works with numerous organizations that receive extensive governmental funding and are subject to auditing under Uniform Grant Guidance. This Firm's specialization helps our audit team understand the procedures' nuances and execute the engagement accordingly. We also assist in preparing the data collection form and preparing the reporting package for submission to the federal audit clearinghouse.

The Firm is a member of the AICPA Governmental Audit Quality Center and has demonstrated its commitment to audit quality, including those performed under Government Auditing Standards and Uniform Guidance. Also, we are a recipient of the *Single Audit Resource Center's Award for Excellence*. This award is based on the positive feedback result from our clients in an independent survey, demonstrating our Firm's highest commitment to quality and client satisfaction.

We utilize standardized audit programs from the federal government's Compliance Supplement to ensure that our procedures meet federal standards. Our audit programs are continually updated to reflect the revisions of OMB.

Our Uniform Guidance risk-based approach focuses on areas of higher risk of non-compliance. Such an approach truly reflects the federal government's intent by concentrating on the following four steps:



- 1. Planning & Internal control assessment:** The engagement team will obtain an understanding of the SBCCOG and its operating environment and its internal control over the Schedule of Expenditures of Federal Awards. The engagement team will perform the major program determination and communicate with the SBCCOG management before conducting major program testing.
- 2. Testing & compliance assessment:** The engagement team will obtain an understanding of internal control over compliance on the direct and material compliance requirements for each major program. The engagement will perform testing on internal controls over compliance to ensure the controls are in place working effectively and properly and that the SBCCOG is in compliance with the applicable regulations in administering major programs.
- 3. Reporting & Review:** The engagement team will review and prepare the single audit reports and perform quality control procedures following the Quality Control Standards issued by the AICPA. Any comments will be issued to the management or the Charge with Governance, depending on the magnitude of the issues. Upon obtaining the final approvals from management, the Single Audit report will be issued.
- 4. Issuance to Clearing House:** The engagement team will assist the SBCCOG in drafting the data collection form and completing the final submission, including uploading the audit package to the Federal Clearing House.

South Bay Cities Council of Governments

Our Firm has audited hundreds of millions of dollars in federal expenditures, making our engagement team uniquely experienced in single audits. We are familiar with *grantors*, such as:



- Corporation for National and Community Services
- Department of Agriculture
- Department of Education
- Department of Health and Human Services
- Department of Housing and Urban Development
- Department of Transportation
- Environmental Protection Agency
- Department of Commerce
- Department of Labor
- Department of Homeland Security
- Department of Justice
- Department of Treasury
- Executive Office of the President

Following are a few examples of the types of federal programs our engagement team has experience auditing:

	Assistance Listings
Child and Adult Care Food Program	10.558
Community Development Block Grants/Entitlement Grants	14.218
Home Investment Partnership	14.239
Housing Vouchers Cluster	14.871
Title XVI Water Reclamation and Reuse Program	15.504
Equitable Sharing Program	16.922
WIA/WIOA Adult Program	17.258
WIA/WIOA Youth Activities	17.259
WIA/WIOA Dislocated Worker Formula Grants	17.278
Airport Improvement Program	20.106
Highway Planning and Construction	20.205
Federal Transit - Capital Investments Grants	20.500
Federal Transit - Formula Grants	20.507
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608
Capitalization Grants for Clean Water State Revolving Funds Cluster	66.458
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045
Nutrition Services Incentive Program	93.053
Temporary Assistance for Needy Families (TANF) State Programs	93.558
Community Service Block Grant	93.569
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs	93.714
National Urban Search and Rescue (US&R) Response System	97.025
Homeland Security Grant Program	97.067

South Bay Cities Council of Governments

Firm's Expertise and Experience in Governmental Accounting Rules and Regulations, Including Implementation of new GASB Pronouncements

The ever-changing landscape of federal laws and compliance requirements has added significant complexity to public accounting. Our GASB Implementation Specialist, Jack Georger, expertly guides clients through new standards and updates to existing ones. Additionally, our partners actively contribute to the development of new standards through committee roles and participation in key industry associations focused on state and local governments.

By staying engaged with industry groups and developments, we ensure our clients and team members are informed about the latest changes. Our professionals bring deep expertise in governmental accounting, auditing, and financial reporting, including GASB pronouncements, the Single Audit Act, Uniform Guidance, and fund operations. With experience as CPAs and leaders within and outside government, we deliver the thought leadership and quality our clients need.

The Firm is well versed and experienced in assisting our clients with the implementation of the applicable GASB pronouncements every year, such as:

- GASB 34
- GASB 54
- GASB 65
- GASB 68
- GASB 75
- GASB 84
- GASB 87
- GASB 91
- GASB 94
- GASB 96
- GASB 100
- GASB 101
- GASB 102

Throughout the engagement, several new GASB pronouncements will become effective. The Engagement Team will pay specific attention to upcoming statements that will become effective and work with the SBCCOG to create a plan to address new standards before the implementation period. This step will allow the finance department staff the needed time to be prepared.

Special Attention: GASB Pronouncements Effective for Reporting Year 2025-2026

GASB Statement No. 101, *Compensated Absences*

This statement updates the recognition and measurement guidance for compensated absences to align with a unified model and revises certain disclosures. It is effective for the City's fiscal year ending June 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*

This statement requires governments to assess and disclose risks related to concentrations or constraints that could impact their financial statements. It is effective for the City's fiscal year ending June 30, 2025. Earlier application is encouraged.

GASB Statement No. 103, *Revenue and Expense Recognition*

This statement provides a unified framework for recognizing and measuring revenue and expenses. It is effective for the City's fiscal year ending June 30, 2026. Earlier application is encouraged.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*

This statement requires separate disclosure of certain capital assets, including those held for sale and intangible assets, to improve transparency. It is effective for the City's fiscal year ending June 30, 2026. Earlier application is encouraged.

Specific Audit Approach

Scope of Work, Audit Approach, and Methodology

The South Bay Cities Council of Governments is requesting the Firm to perform Professional Auditing Services and issue opinions on the SBCCOG financial statements. The audits are to be completed in accordance with all applicable and generally accepted auditing standards, including, but not limited to, the following:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA).
- US General Accounting Office's (GAO) Standard for Audit of Governmental Organizations, Programs, Activities, and Functions.
- Local Governments and Governmental Accounting Standards Board (GASB) Pronouncements.
- The standards applicable to financial audits contained in the most current version of the *Generally Accepted Government Auditing Standards* (Yellow Book), issued by the Comptroller General of the United States.
- The provisions of the Single Audit Act as amended in 1996.
- The provisions of the US Office of Management and Budget (OMB) Uniform Guidance (formerly known as Circular A-133), Audits of State and Local Governments and Non-profit Organizations, and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

The Firm will perform the following services:

- ✓ Financial Statement Audits and issuance of an opinion statement on the **Annual Financial Report** of the South Bay Cities Council of Governments. The audit will be conducted in accordance with Generally Accepted *Government Auditing Standards*. The report will be in full compliance with all current GASB pronouncements.
- ✓ If required, Prepare a **Single Audit Report** which will include the following:
 - Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
 - Report on compliance with requirements applicable to each major program, internal control over compliance, and on the schedule of expenditures of federal awards in accordance with Uniform Guidance, "Audits of State and Local Governments," and the Single Audit Act of 1984 (Public Law 98-502).
 - Schedule of Expenditures of Federal Awards.
 - Notes to Schedule of Expenditures of Federal Awards.
 - Schedule of Findings and Questioned Costs.
 - Any other required schedules or reports.
 - Prepare the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations.
- ✓ Assist with the implementation of applicable Governmental Accounting Standards Board (GASB) pronouncements.
- ✓ Prepare and submit a management report of comments and recommendations concerning the SBCCOG financial management system based upon observations made during the course of the auditor's examination of the SBCCOG financial statements, records, internal controls, systems, and internal procedures. The engagement team will comment on the nature and impact of any noted instances of non-compliance with applicable state and federal laws and regulations.

South Bay Cities Council of Governments

Provided By Client (PBC) Lists: They will be provided for both interim and final audits according to an agreed-upon timeline between the engagement team and the SBCCOG in order to be reasonably prepared for a field audit. The engagement team will meet with the SBCCOG management during the initial planning stage to discuss audit schedules and review the prior year's audit findings (if any). We will deliver a list of all documents to be provided by the SBCCOG staff. Once such materials are agreed upon by the engagement team and SBCCOG personnel, no other schedules will be requested unless new information comes to light in the course of test work.

Attendance at Meetings and Hearings: The engagement team will participate in as many meetings with staff as needed to perform the work scope tasks, present the audit plan prior to beginning fieldwork, and discuss the draft audit reports. The team will attend public meetings to present and discuss its findings and recommendations. Once all issues of discussion are resolved, the completed Financial Reports, Single Audit report (if applicable), and other reports will be delivered to the SBCCOG according to the agreed-upon schedule.

Proposed Audit Adjustments: All proposed adjusting journal entries by the Firm will be discussed and explained in a timely manner with the designated Finance Department personnel. Such proposed adjustments will be in a format that shows the lowest level of posting detail needed for data entry in the general ledger systems.

Supplemental Reports, Audits, or Agreed-Upon Procedures: Other services, such as agreed-upon procedures, may be deemed necessary. These services will be performed at agreed-upon rates and will be added to a written agreement before commencing audit work. The Firm and the South Bay Cities Council of Governments will discuss and approve the scope and associated costs of these tasks.

Advice and Consultation: Will be provided throughout the year on matters relating to accounting and financial reporting. Such services do not include any task that entails significant research or a formal report.

GASB Implementation: The Firm will provide technical assistance and training in the implementation of applicable GASB pronouncements not yet in effect. We have a dedicated partner, Mr. Jack Georger, who will be responsible for providing advice and consultation for the implementation of these new standards. The Firm will advise the SBCCOG on the applicability of accounting and reporting standards and other accounting issues and provide guidance on new note disclosures, GASB implementations, and other reporting requirements. We will also provide training, resources, and information on topics relevant to the SBCCOG's financial reporting and operations. *(Based on the scope, additional charges may apply.)*

Report of all Irregularities and Illegal Acts: The Firm will make an immediate written report of all irregularities and illegal acts or indications of illegal actions of which we may become aware.

The engagement team will also make all communications to the SBCCOG required by the audit standards under which the engagement is performed.

Working Paper Retention and Access to Working Papers: The Firm will retain, at its own expense, all working papers and reports for a minimum of five (5) years unless the South Bay Cities Council of Governments notifies the Firm in writing of the need to extend the retention period. The Firm will make working papers available upon request by the South Bay Cities Council of Governments or its designees.

Also, we will comply with reasonable requests from successor auditors and allow them to review working papers that relate to matters of continuing accounting significance.

South Bay Cities Council of Governments

Methodology and Segmentation of Engagement

The Firm's audit approach consists of six phases: Engagement Acceptance and General Planning, Planning and Internal Control Evaluation, Fieldwork, Post Fieldwork, Report Preparation and Review, and Final Production.



Benefits

- **Expertise & Experience** – Our team has extensive experience auditing not-for-profit organizations, ensuring accurate and compliant audits.
- **Customized Solutions** – We tailor our audit approach to fit your unique needs and challenges.
- **Efficiency & Timeliness** – We deliver high-quality audits on time, minimizing disruption to your operations.
- **Proactive Risk Management** – We identify and address financial and operational risks early.
- **Strengthening Financial Health** – We improve your financial management and operational efficiency through internal control reviews and recommendations.

1. **Engagement Acceptance and General Planning:** The engagement partner and manager will meet with SBCCOG management to obtain an update on the current SBCCOG policies and procedures, help identify risk areas and new operations and establish any specific requirements they may have. Our team will work on the identification of unique transactions, implementation of new GASB pronouncements, and develop the audit work plan for the engagement. *Proposed timeline: August of each year.*
2. **Planning and Internal Control Evaluation:** The engagement team, including the engagement partner, will assess accounting policies adopted by the SBCCOG in order to obtain an understanding of its structure and its operating environment. Also, our team will review internal controls on all significant transaction classes, perform walkthroughs and/or tests of internal controls, perform preliminary analytical procedures, develop an initial risk assessment, evaluate Single Audit compliance, identify any audit issues, and prepare confirmation correspondence. The engagement team and SBCCOG Management will establish expectations, including responsibilities and assignments for the year-end fieldwork, and will hold a progress status meeting at the end of the interim phase. *Proposed timeline: August of each year.*
3. **Fieldwork:** The engagement team, including the engagement partner, will conduct audit procedures on account balances in the general ledger, finish confirmation procedures, perform data analysis using our AI tools, search for unrecorded liabilities, perform substantial analytical review procedures, complete work on compliance with Federal Assistance, and conclude fieldwork. The engagement team and SBCCOG Management will hold an exit conference at year-end. Periodic update meetings will be held to communicate audit progress to management. *Proposed timeline: October of each year.*
4. **Post Fieldwork:** During the phase, the engagement team, including the engagement partner, will review all documents and evaluate commitments and contingencies. The team will perform an assessment of the going concern and jointly plan for the next steps. *Proposed timeline: immediately after fieldwork completion.*
5. **Report Preparation and Review:** The Firm will review and prepare audit reports and perform quality control procedures following the Quality Control Standards issued by the AICPA. We will also examine reports for compliance with GFOA reporting guidelines at no additional cost. Any comments will be recorded in a letter to management. At the SBCCOG's request, the engagement partner and manager will present the audit to SBCCOG's Management and other governing bodies. *Proposed timeline: November of each year.*
6. **Final Production:** The final phase of our approach entails obtaining the management representation letter and final financial statement report, which may include a final presentation to the SBCCOG's Management and other governing bodies (if applicable). *Proposed timeline: final reports by December of each year,*

The Firm will complete the audit fieldwork and issue all reports within the established timeframe, assuming no internal circumstances within the SBCCOG causes delays in the audit.

South Bay Cities Council of Governments

Level of Staff and Number of Hours to be Assigned to Each Segment of the Engagement

The Pun Group ^{LLP} understands that the SBCCOG is not only looking to employ our auditing services but is also seeking to receive value within that professional relationship. We believe that our value derives from the in-depth knowledge, experience, and commitment that our auditing firm employs. We stress and emphasize “employ” because all of the knowledge and expertise listed on paper will not benefit you unless it is applied. That is why we have developed a plan that we feel will accomplish the objectives of the SBCCOG and your particular needs. Our Firm will utilize the information that you have shared with us and our experience from our previous audits of this nature from various government entities and cities to develop a practical plan for all major areas.

Estimated Total Hours*:

	Partner(s)	Director/ Manager	Supervisory Staff	Staff	Clerical	Total
Engagement Acceptance & General Planning	0	1	1	2	0	5
Planning & Internal Control Evaluation	0	1	2	4	0	7
Fieldwork	2	5	9	18	2	36
Post Fieldwork	2	3	6	12	1	24
Report Preparation & Review	2	5	9	18	2	36
Final Production	1	2	3	6	1	12
Total*	8	16	30	60	6	120

**Does not include CPE hours related to Governmental Webinars and/or optional services.*

Sample Size and Statistical Sampling in This Engagement

Our audit approach combines random and statistical sampling with professional judgment. We design sample sizes that minimize risk and ensure they are representative, providing a solid basis for conclusions.

Leveraging Artificial Intelligence to Enhance Audit Quality

To overcome challenges with traditional audit methods, The Pun Group uses MindBridge™ Artificial Intelligence Platform to analyze large volumes of financial data quickly. This AI tool cross-references numerous criteria, identifying high-risk areas and potential fraud with unmatched efficiency.



Key benefits of using AI include:

- **Fraud Detection:** Running Benford's analysis to identify unusual transaction patterns.
- **Data Coverage:** Ensuring 100% data coverage for more reliable findings.
- **Risk Identification:** Isolating issues early to prevent disruptions.
- **Productivity:** Automating tasks and eliminating manual work for better efficiency.
- **Audit Effectiveness:** Enabling more efficient and accurate audits.

This innovative approach enhances audit quality, ensuring we deliver timely, actionable insights while meeting professional standards for fraud and internal controls.

Data Security and Analytical Approach

As we look to continue our relationship with SBCCOG for the next five years, our engagement team will securely import data from SBCCOG's financial software for analysis and testing in key risk areas, including:

- **Fraud Detection**
- **Kickback & Conflict-of-Interest Schemes**
- **Questionable Invoices & Dormant Accounts**
- **Phantom Vendors & Money Laundering**

South Bay Cities Council of Governments

Analytical Procedures

We will continue to leverage analytical procedures to assess risks, detect anomalies, and ensure financial accuracy. By comparing financial data across prior periods, budgets, and industry benchmarks, we aim to help SBCCOG monitor and improve its financial standing. Our firm surveys local governments to establish key financial indicators, such as service cost-to-revenue ratios, fund balances, and debt-to-capital metrics.

These procedures will remain consistent through three key audit phases:

1. **Risk Assessment** – Understanding operations and identifying high-risk areas.
2. **Substantive Testing** – Using data-driven analysis to test key accounts and transactions.
3. **Final Review** – Ensuring financial statements present SBCCOG's position.

Internal Control Evaluation

Over the next five years, we will continue to evaluate SBCCOG's internal control systems using the COSO framework. This involves identifying deficiencies and providing management with valuable feedback. Our team will:

- **Conduct Walkthroughs** – Review processes such as financial reporting, revenue, purchasing, payroll, and cash handling.
- **Assess Risk** – Evaluating compliance with internal policies and external regulations.
- **Test Controls** – Documenting processes and assessing control effectiveness.

Regulatory Compliance

We will stay updated with all relevant laws and regulations to ensure SBCCOG remains compliant over the next five years. This includes:

- **Single Audit Act & Uniform Guidance**
- **California Government Code & GANN Appropriations Limit**
- **Grant & Contract Compliance Requirements**

Our audit approach will continue to focus on reviewing transactions, selecting applicable grants, and testing for regulatory compliance throughout the extended term.

Audit Sampling & Compliance Testing

Our approach to audit sampling and compliance testing will remain aligned with the AICPA's Audit Sampling Considerations to ensure appropriate sample sizes and thorough testing. Any identified deviations will continue to be documented and communicated clearly.

SBCCOG Staff Participation & Expectations

To ensure smooth audits over the next five years, we will continue to provide a detailed audit request list at the planning stage. Our team will work closely with SBCCOG's staff to streamline data collection and ensure efficient communication. We will hold regular status meetings to ensure transparency and resolve any issues that arise in a timely manner.

Audit Objectives

As we continue to serve SBCCOG, our primary goal remains to *express an independent opinion* on the fairness of SBCCOG's financial statements. Additional objectives for the next five years include:

- **Enhancing internal controls and operational efficiency**
- **Providing ongoing cost-saving recommendations**
- **Ensuring minimal disruption to operations**
- **Offering continuous advisory support**

South Bay Cities Council of Governments

Potential Audit Considerations

Over the next five years, while we do not anticipate any significant challenges, we will remain vigilant in monitoring key areas such as:

- **Investment Compliance** – Ensuring adherence to GASB 31, GASB 34, and investment policy limitations.
- **Financial Reporting Compliance** – Ensuring SBCCOG’s compliance with GASB standards, OPEB liabilities, and infrastructure obligations.
- **Internal Controls & IT Systems** – Regularly evaluating safeguards and risk mitigation strategies.

Our commitment to a structured, transparent, and effective audit process remains strong. We look forward to continuing our successful partnership with SBCCOG, offering reliable service and expertise for the next five years.

Cost Proposal

Certification

We are committed to the performance of a high-quality audit at the most reasonable fee level possible, both initially and throughout the engagement. Also, our partners will provide advice and consultation as needed at no additional cost to the South Bay Cities Council of Governments.

Name of Firm: The Pun Group LLP – Certified Public Accountants and Business Advisors
Contact Name: Sophia Kuo, CPA, MBA
Contact Email Address: sophia.kuo@pungroup.cpa

Authorization to Represent the Firm

I, the undersigned, certify I am duly authorized to represent The Pun Group LLP and am empowered to submit this bid. In addition, I certify I am authorized to contract with the South Bay Cities Council of Governments on behalf of the Firm.



March 28, 2025

Sophia Kuo, CPA, MBA | Partner
The Pun Group LLP

Date

Total All-Inclusive Maximum Price

Our proposed fees for Professional Auditing Services for the fiscal years ending June 30, 2025 through June 30, 2029, are as follows:

All-Inclusive Maximum Price by Report	2024-25	2025-26	2026-27	2027-28	2028-29
Financial Audit / BFS Preparation	\$ 15,000	\$ 15,750	\$ 16,538	\$ 17,364	\$ 18,233
Total All-Inclusive Maximum Price	\$ 15,000	\$ 15,750	\$ 16,538	\$ 17,364	\$ 18,233

If required, the fee for a Single Audit of major programs will be \$6,000 each. The number of programs determined to be “major” will be based on OMB Uniform Guidance. The Engagement Team will discuss this with the South Bay Cities Council of Governments’ Management before starting Single Audit work.

South Bay Cities Council of Governments

Out of Pocket Expenses are Included in the Total All-Inclusive Maximum Price and Reimbursement Rates

The Firm's policy is to maintain flexible billing rates to meet the needs of clients and help them control costs. In the interest of continuing our long-term relationship, we will absorb expenses such as travel and printing costs. Additionally, our Partners will be available to provide advice and consultation as necessary to the South Bay Cities Council of Governments. The Firm will also absorb these costs.

Rates for Additional Professional Services

Below are the Firm's hourly billing rates, delineated by staffing levels:

Hourly Billing Rates	
Partner(s)	\$ 300
Director(s)	\$ 250
Senior Manager(s)	\$ 225
Manager(s)	\$ 200
Supervisor(s)	\$ 175
Senior Accountant(s)	\$ 150
Staff Accountant(s)	\$ 125
Clerical	\$ 100

Any supplemental reports, audits, or agreed-upon procedures not covered by this proposal may be added to a written agreement prior to commencing audit work. The Firm and the SBCCOG will discuss and approve the scope and associated costs of these tasks. Any additional work will be performed at the above-quoted hourly rates.

Manner of Payment

Engagement Team members are required to maintain timesheets detailing the date, number of hours, and work performed for every audit task. The Firm will collect these timesheets and bill the South Bay Cities Council of Governments at the rates outlined in the Total All-Inclusive Maximum Price section in four stages: (1) at the conclusion of the planning phase, (2) at the conclusion of the interim phase, (3) at the conclusion of the Year-End phase, (4) and after presentation and acceptance of the final audit reports. Interim billings will cover a period not less than a calendar month. The billing amounts generally break down as follows:

Work Performed	% of Proposal Amount
Planning	10%
Interim	40%
Fieldwork	40%
Presentation and Acceptance of Reports	10%

Let's Get to Work!

Benefits of Choosing The Pun Group LLP

The Pun Group LLP is recognized for its professionalism, integrity and for providing clients with practical solutions unique to their circumstances and issues. Our Firm prides itself on being able to provide personalized client services, and with that sentiment in mind, we have carefully chosen our engagement teams. The Pun Group's primary objective is to offer the South Bay Cities Council of Governments solutions and directions led by highly experienced and capable partners who can successfully implement the work and produce the results you expect. This philosophy and mindset allow us to provide a superior level of service and a quality audit.

We trust that this proposal has given you the information needed about the Firm, the engagement team members, the overall audit approach, cost-saving measures, and audit fees. We are committed to exceeding your expectations, and we look forward to bringing our experience and expertise to the South Bay Cities Council of Governments while providing you with the excellent level of service that you expect and deserve.

Thank You

Thank you for the opportunity to present our qualifications to continue providing Professional Auditing Services. Should you have any questions or require further information, please contact:

Sophia Kuo, CPA, MBA
Partner
Email: sophia.kuo@pungroup.cpa
Phone: (949) 777-8809 | Fax: (949) 777-8850

Sincerely,

A handwritten signature in black ink that reads "The Pun Group, LLP". The script is fluid and cursive, with the letters "The" and "Group" being more legible than "Pun".

The Pun Group LLP
Certified Public Accountants and Business Advisors

Appendix A – Available Training

Strengthen Your Accounting Knowledge: TPG Client Training Webinars

We pride ourselves in leading the governmental auditing profession nationwide and statewide. Members of our team have been assigned to the AICPA and State Government Accounting and Audit committees. Our membership with these two levels of government keeps us current, and such involvement helps our Firm with the constant changes in accounting and auditing standards, laws and regulations, and compliance provisions, which have created an unprecedented complexity in public accounting for state and local governments.

Every year, the Firm hosts a conference to update governmental clients on new technical accounting and financial issues. Since last year, by implementing “Webinars,” we’ve been expanding our horizons and offering our clients 15 hours of Continuing Professional Education (CPE). These sessions are **free of charge** and part of the service package provided to our clients.

CPE courses we offer:



Appendix B – Certificate of Insurance



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
2/27/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Burnham WGB Insurance Solutions CA Insurance License 0F69771 15901 Red Hill Avenue Tustin CA 92780		CONTACT NAME: Sarah Caballero PHONE (A/C, No, Ext): 714-824-8300 E-MAIL: Sarah.Caballero@wgbib.com ADDRESS: Sarah.Caballero@wgbib.com		FAX (A/C, No): 714-573-1770	
		INSURER(S) AFFORDING COVERAGE		NAIC #	
		INSURER A: National Fire Insurance of Har		20478	
		INSURER B: Valley Forge Insurance Company		20508	
		INSURER C: Great Divide Insurance Company		25224	
		INSURER D: Continental Casualty Company		20443	
		INSURER E: Arch Specialty Insurance Compa		21199	
		INSURER F: American Casualty Company of R		20427	

COVERAGES

CERTIFICATE NUMBER: 877267347

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
B	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> \$0 deductible GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	Y		7013134445	3/1/2025	3/1/2026	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COM/OP AGG \$ 4,000,000 \$
A	AUTOMOBILE LIABILITY ANY AUTO <input checked="" type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			7013117645	3/1/2025	3/1/2026	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
D	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			7013136468	3/1/2025	3/1/2026	EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000 \$
F	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	WC713136289	3/1/2025	3/1/2026	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER No Deductible E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C E	E&O - Retro 12/29/11 Cyber			CAB2023595 C4LWN095550CYBER2024	3/1/2025 7/1/2024	3/1/2026 7/1/2025	4,000,000 agg Aggregate 2,000,000 3,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Great Divide Insurance Company AM Best Rating A+ XV

Certificate holder(s) is/are named as additional insured per attached endorsements subject to the terms & conditions of the policy:
 General Liability Additional Insured & Waiver of Subrogation # SB146932G
 General Liability Primary & Contributory #CNA80103XX
 Umbrella Policy follows form for General Liability, Auto Liability and Employers Liability
 Auto Primary and Non-Contributory & Waiver of Subrogation #CA00011013
 Auto Designated Insured #IL 02 70 07 20
 See Attached...

CERTIFICATE HOLDER

CANCELLATION

	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

© 1988-2015 ACORD CORPORATION. All rights reserved.

