

Board Office Use: <b>Legislative File Info.</b>	
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Introduction Date	5/13/15
Enactment Number	15-0644
Enactment Date	5/13/15 OA



OAKLAND UNIFIED  
SCHOOL DISTRICT

Community Schools, Thriving Students

OFFICE OF THE GENERAL COUNSEL

# Memo

**To** Board of Education

**From** Vernon Hal, Senior Business Officer  
Jacqueline P. Minor, General Counsel

**Board Meeting Date** May 13, 2015

**Subject** **Agreement – Vavrinek, Trine, Day & Co., LLP, Certified Public Accounts**

**Action Requested** Approval of Agreement between the District and Vavrinek, Trine, Day & Co., LLP, Certified Public Accounts, for the latter to assist the District in preparing and responding to the 2013 IRS Payroll Department audit.

**Background** The District is retaining VTD to support the District's response to IRS Payroll Audit.

**Discussion** The Agreement with Vavrinek, Trine, Day & Co., LLP is for the period from April 17, 2015 to June 30, 2017, at a cost not to exceed \$75,000 per fiscal year.

**Recommendation** Approval of Agreement between the District and Vavrinek, Trine, Day & Co., LLP, Certified Public Accounts, for the latter to assist the District in preparing and responding to the 2013 IRS Payroll Department audit.

**Fiscal Impact** General Fund

**Attachments**

- Agreement with Vavrinek, Trine, Day & Co., LLP



VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

VALUE THE DIFFERENCE

April 17, 2015

Oakland Unified School District  
1000 Broadway  
Oakland, CA 94607

We are pleased to confirm our understanding of the services we are to provide for Oakland Unified School related to 2013 IRS audit representation services.

#### **Tax Services**

We will coordinate the presentation of information requested for the 2013 IRS audit from information you furnish to us. As part of this engagement, we will not audit or otherwise verify the data you submit, although, we may ask you to clarify some of the information. Our fee includes responding to inquiries or examination by taxing authorities and our fees for such services are at our standard rates.

We will use our professional judgment to resolve questions in your favor where a tax law is unclear if there is a reasonable justification for doing so. Whenever we are aware that a possible applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that may be taken. We assume no liability for such additional penalties, interest, or assessments that may be proposed. Any proposed adjustments by the examining agent are subject to certain rights of appeal.

It is your responsibility, to provide us with all the information required for preparing complete and accurate responses including but not limited to the auto, travel, entertainment, and other employment and 1099 related information.

As your CPA, we collect information provided by you from your tax information, worksheets, documents, and will developed as part of this engagement. We are required to keep all information about our engagement confidential, so we will not disclose any information about you unless we have your approval or are required/permitted by law. This applies even if you are no longer a client. As your CPA, we are committed to the safekeeping of your confidential information and we maintain physical, electronic, and procedural safeguards to protect your information. Federal law has extended the attorney-client privilege to some, but not all, communications between a client and the client's CPA. The privilege applies only to non-criminal tax matters that are before the IRS or brought by or against the U.S. Government in a Federal court. The communications must be made in connection with tax advice. Communications solely concerning the preparation of a tax return will not be privileged.

5000 Hopyard Road, Suite 335 Pleasanton, CA 94588 Tel: 925.734.6600 Fax: 925.734.6611 [www.vtdcpa.com](http://www.vtdcpa.com)

FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA • RIVERSIDE • SACRAMENTO

In addition, your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing any privileged information to a third party.

It is our firm's policy to retain copies of your tax information for seven years, after which they will be destroyed. However, we do not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential future examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the seven year period Vavrinek, Trine, Day & Co., LLP shall be free to destroy our records related to this engagement.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare information for our review, including payroll reports, vendor reports, and questionnaire responses, and other information we request and will locate any documents selected by for testing.

Terri A. Montgomery is the engagement partner and is responsible for supervising the engagement or authorizing another individual. We expect to begin our services on approximately April 17, 2015.

Our fees for these services will be based on the standard hourly rates below

Partner	\$250
Manager/Supervisor	\$150
Senior	\$125
Staff	\$100

You may also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, etc. No other additional expenses are expected at this time. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2011 peer review accompanies this letter.

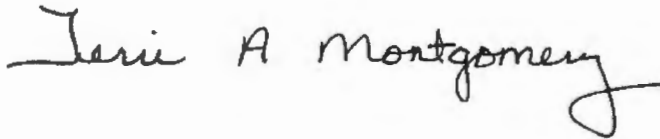
If a dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules before resorting to litigation. The costs of any mediation proceedings shall be shared equally by all parties. The District and Auditors both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the rules of the American Arbitration Association. Such arbitration will be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT, IN THE EVENT OF DISPUTE OVER FEES, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.

**Non-Licensee Owners**

Vavrinek, Trine, Day & Co., LLP has owners that are not licensed as certified public accountants as permitted under Section 5079 of the California Business and Professions Code. It is not anticipated that any of the non-licensee owners will be performing audit services for the agency.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy, and return it to us.

Very truly yours,



Terri A. Montgomery  
of Vavrinek, Trine, Day & Co, LLP

TAM/mcg

**RESPONSE:**

This letter correctly sets forth the understanding of Oakland Unified School District.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

# YANARI WATSON MCGAUGHEY P.C.

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DALE M. YANARI (1947-2004) ♦ RANDY S. WATSON ♦ G. LANCE MCGAUGHEY  
FINANCIAL CONSULTANTS/CERTIFIED PUBLIC ACCOUNTANTS

## System Review Report

May 25, 2012

To the Partners of  
Vavrinek, Trine, Day & Co., LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Vavrinek, Trine, Day & Co., LLP (the firm) applicable to non-SEC issuers in effect for the year ended December 31, 2011. 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. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Vavrinek, Trine, Day & Co., LLP applicable to non-SEC issuers in effect for the year ended December 31, 2011, 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*. Vavrinek, Trine, Day & Co., LLP has received a peer review rating of *pass*.

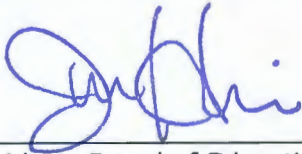
*Yanari Watson McGaughey P.C.*  
Yanari Watson McGaughey P.C.

9250 EAST COSTILLA AVENUE, SUITE 450  
GREENWOOD VILLAGE, COLORADO 80112-3647  
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FAX (303) 792-5153  
web site: [www.ywmcga.com](http://www.ywmcga.com)

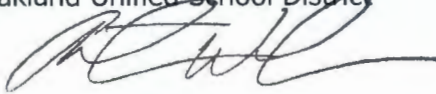
**Addendum to Agreement between the District and Vavrinek, Trine, Day & Co.,  
LLP, Certified Public Accounts, for the latter to assist the District in preparing  
and responding to the 2013 IRS Payroll Department audit**

The term of the Agreement is April 17, 2015 to June 30, 2017 at a cost not to exceed  
\$75,000 per fiscal year.

**OAKLAND UNIFIED SCHOOL DISTRICT**

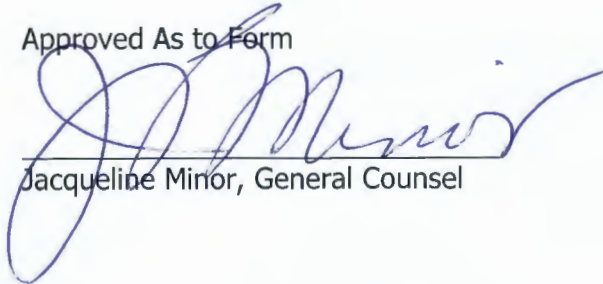


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President, Board of Education  
Oakland Unified School District



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Antwan Wilson, Superintendent and Board Secretary

Approved As to Form



\_\_\_\_\_  
Jacqueline Minor, General Counsel

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