

SECOND AMENDMENT TO SERVICE AGREEMENT

THIS SECOND AMENDMENT TO SERVICE AGREEMENT (Second Amendment) made and entered into on _____, 2025, (Effective Date) and amends the Agreement entered into between the City of Fresno, a California municipal corporation (City), and The Pun Group, LLP (Service Provider).

RECITALS

WHEREAS, the City and the Service Provider entered into a Service Agreement on July 1, 2022 (Agreement), to provide Professional Audit Services for Annual Independent Audit, for a total fee not to exceed \$732,135; and

WHEREAS, the City and the Service Provider entered into a First Amendment to Agreement on September 15, 2025 (First Amendment), to modify the scope of service to include additional Professional Audit Services for the 2024-2025 ACFR preparation, increasing the total contract amount not to exceed \$772,135; and

WHEREAS, the City and the Service Provider now desire to enter into this Second Amendment to modify the scope of service to include additional Professional Audit Services related to the City's Workers Rights Enforcement Grant Program Annual Audit for Fiscal Year 2025; and

WHEREAS, the City and Service Provider now desire to increase the total fee amount by \$22,500 for the additional scope of services, increasing the total contract amount not to exceed \$794,635; and

WHEREAS, with the entry into this Second Amendment, the Service Provider agrees it has no claim, demand, or dispute against the City.

AGREEMENT

NOW, THEREFORE, the Parties agree that the aforesaid Agreement be amended as follows:

1. The Service Provider shall provide additional scope of services as described in Exhibit A, attached hereto and incorporated herein by reference.
2. The Service Provider sole compensation for satisfactory performance of all services required or rendered pursuant to this Second Amendment shall be a total fee of \$22,500, for a total contract amount not to exceed \$794,635.
3. In the event of any conflict between the body of this Second Amendment and any exhibit or attachment hereto, the terms and conditions of the body of this Second Amendment shall control and take precedence over the terms and conditions expressed within the exhibit or attachment.
4. Except as otherwise provided herein, the Agreement entered into by the City and the Service Provider on July 1, 2022, and the First Amendment dated September 15, 2025, shall remain in full force and effect.


[Signatures appear on the next page.]

IN WITNESS WHEREOF, the parties have executed this Second Amendment at Fresno, California, the day and year first above written.

CITY OF FRESNO,
a California municipal corporation

The Pun Group,
a Limited Liability Partnership

By: _____
Georgeanne A. White
City Manager
Office of the Mayor & City Manager

By: 
Name: Frances J. Kuo
Title: Managing Partner
(If corporation or LLC., Board Chair,
Pres. or Vice Pres.)

APPROVED AS TO FORM:
ANDREW JANZ
City Attorney

By: 
Sukhman S. Sekhon Date
Deputy City Attorney

By: _____
Name: _____

ATTEST:
TODD STERMER, MMC
CITY Clerk

Title: _____
(If corporation or LLC., CFO, Treasurer,
Secretary or Assistant Secretary)

By: _____
Deputy Date

Addresses:
CITY:
City of Fresno
Attention: Santino Danisi, Controller
2600 Fresno Street
Fresno, CA 93721
Phone: (559) 621-7006

Service Provider:
The Pun Group LLP
Attention: Frances Kuo , Managing Partner
200 East Sandpointe Avenue, Suite 600
Santa Ana, CA 92707
Phone: (949) 777-8801
E-mail: info@pungroup.com

Attachments:

1. Exhibit A – Additional Scope of Services

EXHIBIT A - ADDITIONAL SCOPE OF SERVICES
Second Amendment to the Service Agreement between City of Fresno
and The Pun Group
Workers Rights Enforcement Grant Program Audit Service FY25

SCOPE OF WORK - SEE ATTACHED



September 22, 2025

City of Fresno
2600 Fresno Street
Fresno, CA 93721**RE: Engagement of The Pun Group, LLP (the “Firm”)**

We are pleased to confirm our understanding of the services we are to provide for the *Workers’ Rights Enforcement Grant Program* (the “Program”) of the City of Fresno (the “City”) for the year ended June 30, 2025

Audit Scope and Objectives

We will audit the Schedule of Revenues and Expenditures (the “Schedule”) of the Program, including disclosures, which collectively comprise the financial statement, of the Program of the City for the year ending June 30, 2025. We will also conduct a compliance audit of the Program for the fiscal year ending June 30, 2025. The compliance audit will be conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. The compliance audit will be limited to determining the City’s compliance with the requirements for the City under the applicable provisions of the State of California’s Department of Industrial Relations “Workers’ Rights Enforcement Grant Agreement”.

The objectives of our audit is to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and issue an Auditor’s report that includes our opinion about whether your Schedule is fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the Schedule. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to the Workers’ Rights Enforcement Grant Program funds and an opinion (or disclaimer of opinion) on compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance that could have a direct and material effect on the financial statements in accordance with the applicable provisions of the State of California’s Department of Industrial Relations “Workers’ Rights Enforcement Grant Agreement”.

Auditor’s Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of the Program Handbook and will include tests of your accounting records of the City and other procedures we consider necessary to enable us to express such opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a program-specific audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risk(s) of material noncompliance as part of our audit planning:

- Allowable costs

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the Program of City and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the Schedule, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

The State of California requires that we plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable state statutes, regulations, and the terms and conditions of Program award.

Our procedures will consist of tests of transactions for the types of compliance requirements that could have a direct and material effect on the Program. The purpose of these procedures will be to express an opinion on Auditee's compliance with requirements applicable to the program in our report on compliance issued pursuant to the Program.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error, including internal controls over Program, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the schedule of the financial activities of the Program in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of the Schedule of the Program, all program financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the schedule, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence.

At the conclusion of our audit, we will require certain written representations from you about the Schedule of the Program; compliance with laws, regulations, contracts, and grant agreements; and related matters. Your responsibilities include adjusting the schedule to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the schedule taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the schedule. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the City complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, it is management's responsibility to evaluate and monitor noncompliance with state statutes, regulations, and the terms and conditions of Program award; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; and promptly follow up and take corrective action on reported audit findings.

You are responsible for the preparation of the Schedule of the Program. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the Schedule of the Program in accordance with the state requirements; (2) you believe the Schedule of the Program, including its form and content, is stated fairly in accordance with accounting principles generally accepted in the United States of America; (3) the methods of measurement or presentation; and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of Program.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Assistance by Your Personnel

We will ask that your personnel, to the extent possible, prepare required schedules and analyses, and make selected invoices and other required documents available to our staff. This assistance by your personnel will serve to facilitate the progress of our work and minimize our time requirements.

Independence

Professional standards require that a firm and its members maintain independence throughout the duration of the professional relationship with a client. In order to preserve the integrity of our relationship, no offer of employment shall be discussed with any of Firm's professionals assigned to the audit, during the one-year period prior to the commencement of the year end audit. Should such an offer of employment be made, or employment commences during the indicated time period, we will consider this an indication that our independence has been compromised. As such, we may be required to recall our auditors' report due to our lack of independence. In the event additional work is required to satisfy independence requirements, such work will be billed at our standard hourly rates.

Report Distribution and Other

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Access to Working Papers

The audit documentation for this engagement is the property of The Pun Group, LLP, and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Oversight Agency for Audit or its designee for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of The Pun Group, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven (7) years after the report release date or for any additional period requested by the Oversight Agency for Audit. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

The Firm is required to undergo a "peer review" every three years. During the course of a Peer Review engagement, selected working papers and financial reports, on a sample basis, will be inspected by an outside party on a confidential basis. Consequently, the accounting and/or auditing work we performed for you may be selected. Your signing this letter represents your acknowledgement and permission to allow such access should your engagement be selected for review.

Timing

Andrew M. Roth is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on approximately October 6, 2025 and to issue our reports no later than October 24, 2025.

Fee

Our fee for these services will be \$22,500 for the year ended June 30, 2025. Our fees are based on certain assumptions, including the required assistance described above. To the extent that certain circumstances included but not limited to those listed in Appendix A, arise during the engagement, our fee estimate may be significantly affected and additional fees may be necessary. Additional services provided beyond the described scope of services will be billed separately.

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 may 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 upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. 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.

Reporting

We will issue written reports upon completion of our audit. Our reports will be addressed to the City Council of the City. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our Auditor's report, or if necessary, withdraw from this engagement. If our opinion are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinion, we may decline to express opinion or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the Schedule and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and

(2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the City is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Most Recent External Quality Control Review

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. A copy of our most recent external peer review report (dated December 30, 2024) received by The Pun Group, LLP is included with this Engagement Letter.

Agreement

This letter comprises the complete and exclusive statement of the agreement between the parties, superseding all proposals oral or written and all other communications between the parties. If any provision of this letter is determined to be unenforceable, all other provisions shall remain in force.

It is hereby understood and agreed that this engagement is being undertaken solely for the benefit of the City and that no other person or entity shall be authorized to enforce the terms of this engagement.

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,

The Pun Group LLP



Andrew M. Roth, CPA
Engagement Partner

RESPONSE:

This letter correctly sets forth the understanding of the City of Fresno.

By: _____

Title: _____

Date: _____

APPENDIX A

City of Fresno

Circumstances Affecting Timing and Fee Estimate

Circumstances may arise during the engagement that may significantly affect the targeted completion dates and our fee estimate. As a result, additional fees may be necessary. Such circumstances include but are not limited to the following:

1. Changes to the timing of the engagement at your request. Changes to the timing of the engagement usually require reassignment of personnel used by The Pun Group LLP (the "Firm") in the performance of services hereunder. However, because it is often difficult to reassign individuals to other engagements, the Firm may incur significant unanticipated costs.
2. All requested schedules are not (a) provided by the accounting personnel on the date requested, (b) completed in a format acceptable to the Firm (c) mathematically correct, or (d) in agreement with the appropriate underlying records (e.g., general ledger accounts). The Firm will provide the accounting personnel with a separate listing of required schedules and deadlines.
3. Weaknesses in the internal control structure.
4. Significant new issues or unforeseen circumstances as follows:
 - a. New accounting issues that require an unusual amount of time to resolve.
 - b. Changes or transactions that occur prior to the issuance of our report.
 - c. Changes in the Entity's accounting personnel, their responsibilities, or their availability.
 - d. Changes in auditing requirements set by regulators.
5. Significant delays in the accounting personnel's assistance in the engagement or delays by them in reconciling variances as requested by the Firm. All invoices, contracts and other documents which we will identify for the Entity, are not located by the accounting personnel or made ready for our easy access.
6. A significant level of proposed audit adjustments is identified during our audit.
7. Changes in audit scope caused by events that are beyond our control.
8. Untimely payment of our invoices as they are rendered.