

**FIRST AMENDMENT TO AGREEMENT FOR INTERNAL AUDIT CONSULTING
SERVICES BETWEEN THE BOARD OF ADMINISTRATION FOR THE SAN JOSÉ
POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
AND
BAKER TILLY ADVISORY GROUP, LP**

This First Amendment to the Agreement for Internal Audit Consulting Services (“First Amendment”) is made and entered into on the date that it is fully executed by the Parties (“Contract Date”) by and between the Board of Administration for the San José Police and Fire Department Retirement Plan (“Board” or “Plan”) and Baker Tilly Advisory Group, LP (“Consultant”) (collectively, the “Parties”).

RECITALS

WHEREAS, effective December 11, 2025, the Board and Consultant entered into an Agreement for Internal Audit Consulting Services (“Original Agreement”) and it is the Parties’ intent that all prior rights, obligations, and liabilities accrued before the Contract Date of this First Amendment to remain governed by the Original Agreement; and

WHEREAS, the Parties wish to amend the Scope of Services and related compensation terms in the Original Agreement, with this First Amendment to apply prospectively from the Contract Date.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Parties, the Parties agree as follows:

SECTION 1. Amendment to Exhibit A

Exhibit A of the Original Agreement is hereby deleted in its entirety and replaced with the Exhibit A attached hereto.

SECTION 2. Amendment to Exhibit B.

Exhibit B of the Original Agreement is hereby deleted in its entirety and replaced with the Exhibit B attached hereto.

SECTION 3. Effect on Original Agreement.

All of the terms and conditions of the Original Agreement not modified by this First Amendment shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereby agree to all of the above terms and conditions, and have executed this First Amendment as of the Contract Date.

San José Police and Fire Department Baker Tilly Advisory Group, LP
Retirement Plan, by and through its Board
of Administration

By: _____

By: _____

Dated: _____

Dated: _____

Name: John Flynn

Name: Chris Kalafatis

Title: CEO, Office of Retirement Services

Title: Principal

Approved as to Form:



Name: Maytak Chin

Title: Outside General and Fiduciary Counsel
(Reed Smith)

Date: _____

EXHIBIT A: SCOPE OF BASIC SERVICES

(Non-Capital Projects)

The Consultant shall provide services and deliverables as set forth in this **Exhibit A**. The Consultant shall provide all services and deliverables required by this **Exhibit A** in accordance with the terms set forth herein and upon written acceptance by the CEO.

General Description of Project: Internal Audit Consulting Services

Task No. 1: Risk Assessment

A. Services: The Consultant will perform an enterprise-wide risk assessment to identify, evaluate, and prioritize ORS risks and inform audit planning. These services shall include, but not necessarily be limited to:

1. Reviewing and evaluating the most recent Five-Year Audit Plan.
2. Updating and validating the internal audit risk assessment to reflect organizational changes, emerging risks, and the status of previously identified audit areas.
3. Reviewing prior internal audit reports and documentation, including open findings, and incorporating them into the initial audit planning process.
4. Coordinating with external auditors, legal counsel, compliance, City Departments, and other control functions to ensure effective service coverage and eliminate duplication of efforts.

B. Deliverable: The Consultant will provide: (i) a [Draft Risk Assessment](#); and (ii) [Final Risk Assessment presentation/briefing materials for the Audit Committee and Board, as applicable. Compensation will be 50% for the Draft Risk Assessment and 50% for the Final Risk Assessment.](#)

C. Completion Time: The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following times is marked:

- ☐ On or before the following date: _____.
- ☒ One year from Contract Date.

Task No. 2: New Five-Year Internal Audit Plan

A. Services: The Consultant will develop a new risk-based Five-Year Internal Audit Plan aligned with capacity and budget. These services shall include, but not necessarily be limited to:

1. Using the updated and validated risk assessment as the foundation for developing a new Five-Year Internal Audit Plan aligned with operational capacity and available audit budget.
2. Incorporating the review of prior internal audit reports and documentation, including open findings, into the initial planning for the Five-Year Plan.
3. Presenting the Five-Year Internal Audit Plan to the Audit Committee and Board, as appropriate.

B. Deliverable: The Consultant will provide: (i) a [Draft New Five-Year Internal Audit Plan](#); and (ii) [Final New Five-Year Internal Audit Plan presentation materials for Audit Committee and Board consideration. Compensation will be 50% for the Draft Risk Assessment and 50% for the Final Risk Assessment.](#)

C. Completion Time: The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following times is marked:

- ☐ On or before the following date: _____.
- ☒ One year from Contract Date.

Task No. 3: Review, Recommendation, and Approval of Revisions to the Internal Audit Charter

A. Services: The Consultant will review the Internal Audit Charter, recommend revisions, and obtain approvals. These services shall include, but not necessarily be limited to:

1. Reviewing and recommending revisions to the ORS Internal Audit Charter during onboarding, and reassessing the Charter after one year as part of a recurring governance cycle.
2. Presenting proposed Charter updates and recommendations to the Audit Committee, the Governance Committee, and the Board.

B. Deliverable: The Consultant will provide: (i) review, recommendation, and approval of revisions to the Internal Audit Charter; and (ii) presentation materials for committee and Board consideration.

C. Completion Time: The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following times is marked:

- ☐ On or before the following date: _____.
- ☒ One year from Contract Date.

Task No. 4: Review of Historical Internal Audit

A. Services: The Consultant will review historical internal audit work and open items to inform planning and tracking. These services shall include, but not necessarily be limited to:

1. Reviewing prior internal audit reports and documentation, including open findings, and incorporating them into the initial audit planning process and a centralized tracking system accessible to ORS staff.

B. Deliverable: The Consultant will provide: (i) review of historical internal audit reports and open findings.

C. Completion Time: The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following times is marked:

- ☐ On or before the following date: _____.
- ☒ One year from Contract Date.

Task No. 5: Annual and Quarterly Reports and Open Findings

A. Services: The Consultant will ~~issue engagement reports~~, present results to governance bodies, and monitor remediation. These services shall include, but not necessarily be limited to:

- ~~1. Preparing written audit reports for each engagement, clearly stating the scope, objectives, findings, and prioritized, risk-rated recommendations for corrective action.~~
- ~~2.1.~~ Presenting audit results at quarterly Audit Committee meetings and supporting related discussions.
- ~~3.2.~~ Presenting audit results at regular meetings of the Board and supporting related discussions.
- ~~4.3.~~ Conducting follow-up assessments on prior findings and monitoring the status of corrective actions implemented.
- ~~5. Providing support in investigating suspected fraud or material control failures and reporting findings to the CEO, Audit Committee, and Board, coordinating with the Office of Employee Relations if staff matters are implicated.~~
- ~~6.4.~~ Participating in preparation meetings with Board Chairs, Committee Chairs, the ORS CEO, senior executives, and Board counsel as required, in preparation for quarterly Audit Committee meetings and regular Board meetings.
- ~~7.5.~~ Attending and participating in Board and Audit Committee meetings, in person or remotely, as requested.
- ~~8.6.~~ Keeping the Audit Committee and ORS leadership informed of emerging risks, trends, and internal audit best practices relevant to public pension systems.
- ~~9.7.~~ Creating and maintaining a quality assurance and improvement program that aligns with IIA Standards.
- ~~10.8.~~ Maintaining and updating the centralized audit tracking register that documents historical and current audit engagements, findings, remediation actions, and supporting documents, as applicable.

B. Deliverable: The Consultant will provide: ~~(i) engagement specific written audit reports;~~ (ii) presentation materials for the Audit Committee and Board; (iii) periodic follow-up status reports on remediation; ~~(iiiiv) updates to the centralized audit tracking register; and (v) investigation reports and related communications, as appropriate. Compensation will be 25% after the end of each calendar quarter.~~

C. Completion Time: The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following times is marked:

- ☐ On or before the following date: _____.
- ☒ One year from Contract Date ~~and to be completed on annual basis.~~

Task No. 6: Development and Launch of the Centralized Audit Issue Tracking Register

A. Services: The Consultant will design and implement an audit issue tracking register. These services shall include, but not necessarily be limited to:

1. Developing and launching centralized audit tracking register that documents historical and current audit engagements, findings, remediation actions, and supporting documents.
2. Incorporating prior internal audit reports and documentation, including open findings, into the centralized tracking system accessible to ORS staff.
3. Coordinating with external auditors, legal counsel, compliance, City Departments, and other control functions to ensure effective service coverage and eliminate duplication of efforts.

B. Deliverable: The Consultant will provide: (i) development and launch of the Centralized Audit Issue Tracking Register.

C. Completion Time: The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following times is marked:

- ☐ On or before the following date: _____.
- ☒ One year from Contract Date.

Task No. 7: Annual Review of the 5-Year Audit Plan to Adjust to Existing Risk Areas and Address Any New Risk Areas

A. Services: The Consultant will refresh the Five-Year Audit Plan annually to reflect changes in risk and priorities. These services shall include, but not necessarily be limited to:

1. Conducting an annual review of the Five-Year Audit Plan to adjust existing areas and address any new risk areas, based on monitoring and reporting.
2. Coordinating with external auditors, legal counsel, compliance, City Departments, and other control functions to ensure effective coverage and eliminate duplication in the refreshed plan.

B. Deliverable: The Consultant will provide: (i) Annual Review of the 5-Year Audit Plan to adjust to existing risk areas and address any new risk areas.

C. Completion Time: The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following times is marked:

- ☐ On or before the following date: _____.
- ☒ Two years from Contract Date and to be completed on annual basis.-

Task No. 8: ~~Initial~~ Annual Internal Audit Plan

A. Services: The Consultant will develop an ~~initial~~ Annual Internal Audit Plan, after the completion of the Five-Year Audit Plan, refreshed annually to reflect changing risks and priorities. After the first Annual Audit Plan, the Consultant will update the Annual Internal Audit Plan tailored to suit the evolving organizational needs. These services shall include, but not necessarily be limited to:

1. Initial Annual Internal Audit Plan

- Developing an initial Annual Internal Audit Plan based on the Five-Year Plan, updated to reflect changing risks and priorities.
- Presenting the initial Annual Internal Audit Plan, including proposed budget, to the Audit Committee and Board, as appropriate.

2. Subsequent Annual Internal Audit Plan

- Developing Subsequent Annual Internal Audit Plan based on the prior year's Annual Internal Audit, updated to reflect changing risks and priorities.
- Presenting the Subsequent Annual Internal Audit Plan, including proposed budget, to the Audit Committee and Board, as appropriate.

~~2.3.~~ Providing an annual affirmation of independence to the Audit Committee and disclose any impairments to independence or objectivity.

B. Deliverable: The Consultant will provide: (i) an ~~initial~~ Annual Internal Audit Plan after the completion of the 5-Year Audit Plan and annually thereafter; and (ii) presentation materials for Audit Committee and Board consideration.

C. Completion Time: The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following times is marked:

- ☐ On or before the following date: _____.
- ☒ Two years from the Contract Date and after completion of the Five-Year Audit Plan (Task 7) and to be completed on annual basis.

Task No. 9: ~~Second Annual Internal Audit Plan~~

A. Services: ~~The Consultant will develop a second Annual Internal Audit Plan, after approval of the initial Annual Internal Audit Plan, refreshed to reflect changing risks and priorities. These services shall include, but not necessarily be limited to:~~

- ~~1. Developing a second Annual Internal Audit Plan based on the Five-Year Plan and initial Annual Internal Audit Plan, updated to reflect changing risks and priorities.~~
- ~~2. Presenting the second Annual Internal Audit Plan, including proposed budget, to the Audit Committee and Board, as appropriate.~~
- ~~3. Providing an annual affirmation of independence to the Audit Committee and disclose any impairments to independence or objectivity.~~

~~**B. Deliverable:** The Consultant will provide: (i) a second Annual Internal Audit Plan after the approval of the initial Annual Internal Audit Plan (Task 8); and (ii) presentation materials for Audit Committee and Board consideration.~~

~~**C. Completion Time:** The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following times is marked:~~

☐ On or before the following date: _____

☒ Two years from Contract Date, and after approval of the initial Annual Internal Audit Plan (Task 8) for the second Annual Internal Audit Plan.

Task No. 940: Annual Summary Report of Audit Activities and Internal Control Assessment

A. Services: The Consultant will prepare and present an annual summary of audit activities and an ORS control environment assessment including, but not limited to, updates regarding the Five-Year Audit Plan, and the Annual Internal Audit Plans. These services shall include, but not necessarily be limited to:

1. Preparing an annual summary report detailing audit activities, internal control observations, and an overall assessment of the ORS control environment.
2. Presenting the annual summary and assessment to the Audit Committee and Board, as appropriate.
3. Reporting of audit activities identified in the Five-Year Audit Plan and each Annual Internal Audit Plan, as appropriate.

B. Deliverable: The Consultant will provide: (i) an Annual Summary Report of Audit Activities and Internal Control Assessment; and (ii) presentation materials for governance bodies.

C. Completion Time: The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following times is marked:

☐ On or before the following date: _____

☒ Two years from Contract Date, and to be completed on annual basis.

Task No. 140: Annual Charter Review (Year 2, and beyond subject to contract term extension option exercised)

A. Services: Beginning in Year 2, the Consultant will conduct an annual review of the Internal Audit Charter as part of the recurring governance cycle. These services shall include, but not necessarily be limited to:

1. Reassessing the ORS Internal Audit Charter after one year as part of a recurring governance cycle, and presenting proposed updates to the Audit Committee and the Governance Committee.
2. Presenting Charter updates to the Board and its committees, as appropriate.

B. Deliverable: The Consultant will provide: (i) Annual Charter Review (Year 2, and beyond subject to contract term extension option exercised); and (ii) presentation materials for committee and Board

consideration.

C. Completion Time: The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following times is marked:

- ☐ On or before the following date: _____.
- ☒ Two years from Contract Date, and subject to the term of each contract extension option period exercised.

Task No. 112: Annual Internal Audit Engagements

A. Services: The Consultant will execute risk-based audits annually across ORS divisions consistent with the approved Annual Internal Audit Plan. These services shall include, but not necessarily be limited to:

1. Conducting internal audit engagements annually, contingent on risk, budget, and support capacity consistent with each approved Annual Internal Audit Plan set forth in Tasks 8 ~~and 9~~.
2. Performing engagements that may include, but are not limited to: benefit processing and retirement applications; contribution reconciliation and pension payroll audits; investment operations and compliance (e.g., cash flows, reconciliations, due diligence); vendor management and procurement; IT audits and cybersecurity risk assessments in coordination with IT service providers (San Jose IT Department, Pension Administration System hosting vendors, etc.) as necessary; and other program areas as identified in the annual risk assessment or at the direction of the Board or Audit Committee.
3. Preparing and delivering written audit reports for each engagement, clearly stating the scope, objectives, findings, and prioritized, risk-rated recommendations for corrective action.
4. Coordinating with external auditors, legal counsel, compliance, City Departments, and other control functions to ensure effective service coverage and eliminate duplication of efforts.
5. Conducting follow-up assessments on prior findings and monitoring the status of corrective actions implemented.

B. Deliverable: The Consultant will provide: (i) completion of annual internal audit engagements consistent with each approved Annual Internal Audit Plan; and (ii) engagement work products associated with those audits, as appropriate.

C. Completion Time: The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following times is marked:

- ☐ On or before the following date: _____.
- ☒ Subject to timeline specified in each approved Annual Internal Audit Plan and each corresponding approved Statement of Work. The SOW shall define the specific objectives, scope, deliverables, timeline, estimated hours by staff type, hourly billing rates, and proposed payment milestones. No work shall commence until the SOW has been reviewed and approved in writing by the ORS Chief Executive Officer or their designee.
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Task No. 123: Advisory, Training, and Continuous Improvement Support

A. Services: The Consultant will provide advisory and consulting services to support ORS risk management, internal controls, and audit maturity on request. These services shall include, but not necessarily be limited to:

1. Internal control and policy training for management and staff.
2. Advisory support for enterprise risk management initiatives.
3. Technology and information security consulting.
4. Benchmarking studies of internal audit and control practices in comparable systems.
5. Strategy support for internal audit maturity model advancement.
6. Provide advisory and consulting services to management, including enterprise risk management, process improvement, policy control, system change oversight (nonvoting), and educational presentations to ORS staff and Board.

B. Deliverable: The Consultant will provide: (i) advisory memoranda or reports; (ii) training materials and presentation decks; (iii) benchmarking and maturity model reports; and (iv) educational presentations to ORS staff and Board, as appropriate.

C. Completion Time: The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following times is marked:

- ☐ On or before the following date: _____.
- ☒ Subject to timeline specified in an approved Statement of Work (SOW). The SOW shall define the specific objectives, scope, deliverables, timeline, estimated hours by staff type, hourly billing rates, and proposed payment milestones. No work shall commence until the SOW has been reviewed and approved in writing by the ORS Chief Executive Officer or their designee.

Task No. 13: Internal Audit Administration

A. Services: The Consultant will execute various administrative tasks annually in fulfilling their duties under this Agreement. These services shall include, but not necessarily be limited to be limited to the following:

1. Providing support in investigating suspected fraud or material control failures and reporting findings to the CEO, Audit Committee, and Board, coordinating with the Office of Employee Relations if staff matters are implicated. Such investigations shall be conducted pursuant to a Statement of Work approved by the CEO in accordance with the SOW Process set forth in Task 14.
2. Participating in regular status updates with ORS leadership, not to exceed one (1) status meeting per month unless otherwise authorized in writing by the CEO.
3. Participating in other administrative matters, as necessary, matters only as specifically authorized in writing by the CEO, with such authorization specifying the scope, estimated hours, and compensation for the specific administrative matter.

B. Deliverable: The Consultant will provide: (i) completion of fraud investigations; and (ii) completion of

~~regular status updates to ORS leadership or other administrative matters. Compensation will be monthly. fraud investigation reports upon completion of each investigation conducted pursuant to an approved SOW; (ii) written summaries of regular status updates to ORS leadership; and (iii) documentation of any other administrative matters as specified in the CEO's written authorization.~~

C. Completion Time: The Consultant must complete the services and deliverables for this task in accordance with whichever one of the following times is marked:

☐ On or before the following date: _____.

☒ Subject to timeline specified in each approved Statement of Work pursuant to the SOW Process set forth in Task 14 (for fraud investigations) or CEO written authorization (for other administrative matters).

Task No. 14: Additional Services

A. Services: The Consultant shall provide additional internal audit services, beyond the scope of services specified in Task Nos. 1-13 above, as requested upon the CEO's written authorization. These services shall include, but not necessarily be limited to:

1. Specifically, all services not identified as fixed-fee deliverables in this RFP will be performed on a time-and-materials basis under individual Statements of Work (SOWs). Each SOW will define the specific objectives, scope, deliverables, timeline, estimated hours by staff type, hourly billing rates, and proposed payment milestones. No work shall commence until the SOW has been reviewed and approved in writing by the ORS Chief Executive Officer or their designee.
2. As part of each SOW proposal, the consultant must include a payment schedule tied to the completion or presentation of deliverables, not solely hours worked. Milestones may include, but are not limited to, draft or final report delivery, presentation to the Audit Committee, or implementation of key project phases. ORS reserves the right to modify, reject, or negotiate milestone schedules during the SOW approval process.

B. Deliverable: The Consultant will provide the following to the Plan: Any Additional Services not specified in Task Nos. 1 through 13 above subject to the CEO's written approval authorizing the rendering of additional services, pursuant to the SOW Process below:

- a. SOW Process
 1. Initiation
 - a. ORS identifies a need for additional audit or advisory services not covered under fixed-fee deliverables.
 - b. ORS provides the consultant with a description of the desired scope of work.
 2. Proposal
 - a. The consultant submits a draft Statement of Work including:
 - i. Scope and objectives
 - ii. Deliverables and timeline
 - iii. Estimated hours and hourly rates by role
 - iv. Total estimated cost
 - v. Proposed payment milestones tied to deliverables or review points
 3. Review and Negotiation
 - a. ORS reviews the SOW and proposed milestone structure and may request revisions.
 - b. Once terms are finalized, the SOW is formally approved.
 4. Approval
 - a. The Chief Executive Officer (or designee) provides written authorization.
 - b. Work may not begin until formal approval is received.

5. Execution and Oversight

- a. Consultant performs services per the approved SOW.
- b. ORS may request progress updates or documentation of milestone completion.

6. Completion and Payment

- a. Consultant delivers agreed-upon work products and milestone confirmations.
- b. Invoices must reference the approved SOW and reflect milestone-based billing.

C. Completion Time: The Consultant must complete the services and deliverable for this task in accordance with whichever one of the following times is marked:

☐ On or before the following date: _____.

☒ On or before the following date: Subject to timeline specified in an approved Statement of Work.

EXHIBIT B: COMPENSATION

Section 1 – Compensation Table

Part 1 – Compensation for Basic Services						
Column 1	Column 2		Column 3			Column 4
Task Nos.	Basis of Compensation		Invoice Period			Compensation
1	☐ Time & Materials	☒ Fixed Fee	☐ Monthly	☒ Completion of Task(s)	☐ Completion of Work	Cumulative Compensation for Basic Services and Additional Services not to exceed Maximum Total Compensation of \$400,000.00 for the Initial Term.
2	☐ Time & Materials	☒ Fixed Fee	☐ Monthly	☒ Completion of Task(s)	☐ Completion of Work	
3	☐ Time & Materials	☒ Fixed Fee	☐ Monthly	☒ Completion of Task(s)	☐ Completion of Work	
4	☐ Time & Materials	☒ Fixed Fee	☐ Monthly	☒ Completion of Task(s)	☐ Completion of Work	
5	☐ Time & Materials	☒ Fixed Fee	☐ Monthly	☒ Completion of Task(s)	☐ Completion of Work	
6	☐ Time & Materials	☒ Fixed Fee	☐ Monthly	☒ Completion of Task(s)	☐ Completion of Work	
7	☐ Time & Materials	☒ Fixed Fee	☐ Monthly	☒ Completion of Task(s)	☐ Completion of Work	
8	☐ Time & Materials	☒ Fixed Fee	☐ Monthly	☒ Completion of Task(s)	☐ Completion of Work	
9	☐ Time & Materials	☒ Fixed Fee	☐ Monthly	☒ Completion of Task(s)	☐ Completion of Work	
10	☐ Time & Materials	☒ Fixed Fee	☐ Monthly	☒ Completion of Task(s)	☐ Completion of Work	
11	☒ Time & Materials	☒ Fixed Fee	☐ Monthly	☒ Completion of Task(s)	☐ Completion of Work	
12	☒ Time & Materials	☐ Fixed Fee	☐ Monthly	☒ Completion of Task(s)	☐ Completion of Work	
13	☒ Time & Materials	☐ Fixed Fee	☐ Monthly	☒ Completion of Task(s)	☐ Completion of Work	
14	☒ Time & Materials	☐ Fixed Fee	☐ Monthly	☒ Completion of Task(s)	☐ Completion of Work	

Part 2 – Reimbursable Expenses		
☒ No expenses are separately reimbursable. The amount(s) in Column 4 of Part 1 include(s) payment for all expenses.	☐ Expenses are separately reimbursable in accordance with Subsection 10.5 of this Agreement. The maximum amount of reimbursable expenses is:	\$
Part 3 – Subconsultant Costs		
☒ Subconsultant costs are not separately compensable. The amount(s) in Column 4 of Part 1 include(s) payment for subconsultants.	☐ Subconsultant costs are separately compensable in accordance with Subsection 10.6 of this Agreement. The maximum amount of compensation for subconsultant costs is:	\$
Part 4 – Additional Services		
☐ No money is budgeted for Additional Services, and the CEO cannot authorize any Additional Services.	☒ The CEO may authorize the Consultant to perform Task 14 for Additional Services not covered by Task Nos. 1-13 of Exhibit A at the Consultant's hourly rate for the Initial Term, so long as the Basic Services for Task Nos. 1-13 and the Additional Services under Task No. 14 combined do not exceed the Maximum Total Compensation of \$400,000.00 for the Initial Term and are consistent with an authorized SOW submitted by the Consultant and approved by the CEO. The SOW shall define the specific objectives, scope, deliverables, timeline, estimated hours by staff type, hourly billing rates, and proposed payment milestones. No work shall commence until the SOW has been reviewed and approved in writing by the ORS Chief Executive Officer or their designee.	\$
Maximum Total Compensation (sum of Parts 1 through 4):		\$400,000.00

Section 2 – Schedule of Rates and Charges

- ☐ **Omitted.** No Schedule of Rates and Charges is included because the Board will not be compensating the Consultant for any Basic Services on a “time & materials” basis.
- ☒ The following is the Schedule of Rates and Charges applicable to this Agreement:

Tasks Nos. 1-104 are covered by the following Fixed Fee Schedule:

Task	SPECIFIC SERVICES	Fixed Cost (Yes / No)	FEES AND COSTS						ADDITIONAL INFORMATION
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
1	Risk Assessment	Yes ¹	75 Hrs. \$19,500.00				N/A		
2	New Five-Year Internal Audit Plan	Yes ²	7.5 Hrs. \$1,950.00				N/A		
3	Review, Recommendation, and Approval of Revisions to the Internal Audit Charter	Yes	5 Hrs. \$1,300.00				N/A		
4	Review of Historical Internal Audit	Yes	17.5 Hrs. \$4,550.00				N/A		
4 and 5	Review of Historical Internal Audit & Reports and Open Findings	Yes	17.5 Hrs. \$4,550.00				17.5 Hrs. \$4,686.50		
							17.5 Hrs. \$4,827.00		
							17.5 Hrs. \$4,972.00		
							17.5 Hrs. \$5,121.00		
							17.5 Hrs.		

¹ Compensation for Task No. 1 Fixed Fee shall be paid in two installments, with 50% for Draft Risk Assessment and 50% for the Final Risk Assessment. Moreover, complimentary Baker Tilly webinars and public sector-specific thought leadership will be provided to Plan at no cost.

² Compensation for Task No. 2 Fixed Fee shall be paid in two installments, with 50% for Draft New Five-Year Internal Audit Plan and 50% for Final New Five-Year Internal Audit Plan presentation materials for Audit Committee and Board consideration-

				<u>\$5,275.00</u> N/A					
<u>5</u>	<u>Internal Audit Reports and Open Findings</u>	<u>Yes</u> ³	<u>N/A</u> (Included in Task 4 above)	<u>17.5 Hrs.</u> <u>\$4,686.50</u>	<u>17.5 Hrs.</u> <u>\$4,827.00</u>	<u>17.5 Hrs.</u> <u>\$4,972.00</u>	<u>17.5 Hrs.</u> <u>\$5,121.00</u>	<u>17.5 Hrs.</u> <u>\$5,275.00</u>	
<u>5</u>	<u>Reports and Open Findings</u>	<u>Refer to Item #4 (Above)</u>							
<u>6</u>	Development and Launch of the Centralized Audit Issue Tracking Register	Yes	7.5 Hrs. \$1,950.00	N/A					
<u>7</u>	Annual Review of the 5-Year Audit plan to adjust to existing risk areas and address any new risk areas	Yes	2.5 Hrs. \$650.00	30 Hrs. \$8,034.00	30 Hrs. \$8,275.00	30 Hrs. \$8,523.50	30 Hrs. \$8,779.00	30 Hrs. \$9,042.50	
<u>8</u>	<u>Initial Annual Internal Audit Plan</u> ⁴²	<u>Yes</u>	<u>7.5 Hrs.</u> <u>\$1,950.00</u>	<u>5 Hrs.</u> <u>\$1,339.00</u>	<u>5 Hrs.</u> <u>\$1,379.00</u>	<u>5 Hrs.</u> <u>\$1,420.50</u>	<u>5 Hrs.</u> <u>\$1,463.00</u>	<u>5 Hrs.</u> <u>\$1,507.00</u>	

³ Compensation for Task No. 5 Fixed Fee shall be invoiced quarterly in four equal installments of 25% each, payable at the end of each calendar quarter.

⁴ Pricing does not include execution of audits on the Internal Audit Plan. Consultant will scope each individual audit to fit the Plan's budget each year.

<u>9</u>	Annual Summary Report of Audit Activities and Internal Control Assessment	Yes	7.5 Hrs. \$1,950.00	7.5 Hrs. \$2,008.50	7.5 Hrs. \$2,069.00	7.5 Hrs. \$2,131.00	7.5 Hrs. \$2,194.50	7.5 Hrs. \$2,260.50	
<u>10</u>	Annual Charter Review (Year 2 and beyond)	Yes	N/A	2.5 Hrs. \$669.50	2.5 Hrs. \$689.50	2.5 Hrs. \$710.50	2.5 Hrs. \$731.50	2.5 Hrs. \$753.50	

⁴~~Complimentary Baker Tilly webinars and public sector specific thought leadership will be provided to Plan at no cost.~~

8	Initial Annual Internal Audit Plan ²	Yes	7.5 Hrs. \$1,950.00	5 Hrs. \$1,339.00	5 Hrs. \$1,379.00	5 Hrs. \$1,420.50	5 Hrs. \$1,463.00	5 Hrs. \$1,507.00	
9	Second Annual Internal Audit Plan ³	Yes	7.5 Hrs. \$1,950.00	5 Hrs. \$1,339.00	5 Hrs. \$1,379.00	5 Hrs. \$1,420.50	5 Hrs. \$1,463.00	5 Hrs. \$1,507.00	
40	Annual Summary Report of Audit Activities and Internal Control Assessment	Yes	7.5 Hrs. \$1,950.00	7.5 Hrs. \$2,008.50	7.5 Hrs. \$2,069.00	7.5 Hrs. \$2,131.00	7.5 Hrs. \$2,194.50	7.5 Hrs. \$2,260.50	
44	Annual Charter Review (Year 2 and beyond)	Yes	N/A	2.5 Hrs. \$669.50	2.5 Hrs. \$689.50	2.5 Hrs. \$710.50	2.5 Hrs. \$731.50	2.5 Hrs. \$753.50	

Standard Hourly Rates

The following hourly rates apply to Tasks No. [11](#), 12, 13, and 14:

Class of Personnel	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Additional Information
Partner (Limited Oversight)	\$400	\$410	\$425	\$435	\$450	\$465	
Director (Review & Strategy)	\$375	\$385	\$400	\$410	\$420	\$435	
<u>Manager (Project Lead, Execution)</u>	<u>\$260</u>	<u>\$265</u>	<u>\$275</u>	<u>\$280</u>	<u>\$290</u>	<u>\$300</u>	
<u>Experienced Associate (Fieldwork, Documentation)</u>	<u>\$220</u>	<u>\$225</u>	<u>\$230</u>	<u>\$240</u>	<u>\$245</u>	<u>\$255</u>	

Senior Manager	<u>\$350</u>	<u>\$360</u>	<u>\$370</u>	<u>\$380</u>	<u>\$395</u>	<u>\$405</u>	
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² *Pricing does not include execution of audits on the Internal Audit Plan. Consultant will scope each individual audit to fit the Plan's budget each year.

³ *Pricing does not include execution of audits on the Internal Audit Plan. Consultant will scope each individual audit to fit the Plan's budget each year.

Manager (Project Lead, Execution)	\$260	\$265	\$275	\$280	\$290	\$300	
Experienced Associate (Fieldwork, Documentation)	\$220	\$225	\$230	\$240	\$245	\$255	
Senior Manager	\$350	\$360	\$370	\$380	\$395	\$405	