PROFESSIONAL SERVICES TASK ORDER

TASK ORDER 2701 – Investment Manager Reconciliation Audit

Consultant shall perform the Services detailed in this Task Order and Attachment A in accordance with all the terms and conditions of the Agreements between Baker Tilly Advisory Group, LP and each respective Board, as amended. This Task Order and Attachment A constitutes the Statement of Work required under Task No. 11: Annual Internal Audit Engagements of the Agreements between (1) the Board of Administration for the San José Police and Fire Department Retirement Plan ("Police and Fire Board" or "Board") and Baker Tilly Advisory Group, LP ("Baker Tilly") pursuant to the First Amendment to the Agreement for Internal Audit Consulting Services executed on June 29, 2026 as well as (2) the Board of Administration for the Federated City Employees' Retirement System ("Federated Board" or "Board") and Baker Tilly Advisory Group, LP ("Baker Tilly") pursuant to the First Amendment to the Agreement for Internal Audit Consulting Services executed on June 29, 2026.

I hereby authorize the performance of the work described in this Task Order.

APPROVED:
SAN JOSE OFFICE OF RETIREMENT SYSTEM

BY:_____
Name John Flynn
Title CEO
Date August 17, 2026

I hereby acknowledge receipt and acceptance of this Task Order and warrant that I have authority to sign on behalf of Consultant.

APPROVED:
COMPANY NAME: Baker Tilly Advisory Group, LP

BY: Kate Murdock
Name Kate Murdock
Title Senior Manager
Date August 26, 2026

Attachment A

DESCRIPTION OF SCOPE OF SERVICES

Preliminary Audit Objective: Determine whether controls over investment manager reconciliation, investment valuation, and related financial reporting processes are designed and operating effectively to support accurate and timely financial reporting.

Introduction

Attachment A, the Description of Scope of Services, contains the following three (3) elements:

- Services and Deliverables To Be Provided
- Schedule of Performance
- Maximum Compensation Amount and Rate Schedule (*As Applicable*)

Services & Deliverables

Baker Tilly's approach to conducting an internal audit of the **Investment Manager Reconciliation Audit** includes three (3) primary steps:

- Step 1: Audit Planning
- Step 2: Fieldwork and Testing
- Step 3: Reporting

Step 1 – Audit Planning

This step consists of the tasks performed to adequately plan the work necessary to address the overall audit objective and to solidify mutual understanding of the audit scope, objectives, audit process, and timing between stakeholders and auditors. Tasks include:

- Gather information to understand the environment under review
    - Understand the environment under assessment
    - Assess the City code, regulations, and other standards and expectations
    - Assess prior audit results, as applicable
    - Assess additional documentation and conduct interviews as necessary
- Assess the audit risk
- Prepare an audit planning memo and audit program
    - Refine audit objectives and scope
    - Identify the audit procedures to be performed and the evidence to be obtained and examined
- Announce the initiation of the audit and kick-off meeting with key stakeholders
    - Discuss audit objectives, scope, audit process, timing, resources, and expectations
    - Discuss documentation and interview requests for the audit

Step 2 – Fieldwork and Testing

This step involves executing the procedures in the audit program to gather information, interview individuals, and analyze the data and information to obtain sufficient evidence to address the audit objectives. The preliminary audit objective is to determine whether controls over investment

manager reconciliation, investment valuation, and related financial reporting processes are designed and operating effectively to support accurate and timely financial reporting. The audit procedures may include:

- Interviewing the appropriate individuals to gain an understanding of the investment manager reconciliation process, investment valuation methodology, and related financial reporting activities.
- Analyzing policies, procedures, and supporting documentation related to investment accounting, reconciliations, valuation processes, financial reporting, and oversight activities to identify the criteria to be used for evaluating control design and effectiveness.
- Evaluating controls over the completeness, accuracy, and timeliness of data received from investment managers, including controls governing the reconciliation of capital calls, distributions, expenses, and investment holdings.
- Assessing controls over Net Asset Value (NAV) reporting, pricing methodologies, valuation reviews, and the identification, investigation, and resolution of reconciliation variances.
- Testing the adequacy of management review and approval processes, including independent review of reconciliations, valuation adjustments, and exception resolution.
- Evaluating the timeliness of the financial close process and the effectiveness of controls designed to ensure accurate and timely investment-related financial reporting.
- Comparing processes and controls against industry standards and leading practices for investment accounting, valuation, reconciliation, and financial reporting activities.

Step 3 – Reporting

In Step 3, the project team will perform tasks necessary to finalize audit working papers, prepare and review a draft report with stakeholders, and submit a final report for management response. Tasks include:

- Developing findings, conclusions, and recommendations based on the supporting evidence gathered
- Validating findings with appropriate individuals and discuss the root cause of the identified findings
- Complete supervisory review of working papers and a draft audit report
- Distribute a draft audit report and conduct a closing meeting with key stakeholders
    - Discuss the audit results, findings, conclusions, and recommendations
    - Discuss management responses
- Obtain written management responses and finalize a report
- Review report with members of the Audit Committees and/or the Boards

Deliverables:

The following deliverables will be prepared as part of this engagement:

- Audit Report
- Audit Committee Audit Report Presentation
- Audit Report Presentation to Both Boards

Schedule of Performance

Anticipated Start Date: August 1, 2026

Anticipated End Date: December 31, 2026

Maximum Compensation Amount and Rate Schedule

The not-to-exceed maximum, inclusive of reimbursable expenses (as summarized below) for this Task is **$65,350**. The total not-to-exceed amount shall be allocated equally between the Board of Administration for the San José Police and Fire Department Retirement Plan and the Board of Administration for the Federated City Employees' Retirement System (e.g., 50% to each Board). The not-to-exceed budget is based on an estimate of 250 total project hours.

Planning Phase

Upon completion of the Planning Phase of the audit, Baker Tilly will deliver to the City of San José Office of Retirement Services ("ORS") a **Planning Memorandum and Work Plan**. Upon delivery of these deliverables, Baker Tilly will invoice ORS **$33,300** for services completed during the Planning Phase.

Fieldwork Phase

Upon completion of the Fieldwork Phase of the audit, Baker Tilly will provide **Preliminary Findings** and work with management to address any potential issues**.** Upon delivery of this deliverable, Baker Tilly will invoice ORS **$21,550** for services completed during the Fieldwork Phase.

Reporting Phase

In the Reporting Phase, Baker Tilly will provide ORS management with a **Draft Report** for review and response. Following management's review, Baker Tilly will prepare and deliver a **Final Audit Report and Presentations**, incorporating applicable management responses, for presentation to the Audit Committee and subsequently to the Board of Administration for the San José Police and Fire Department Retirement Plan and the Board of Administration for the Federated City Employees' Retirement System.

Upon delivery of the Final Audit Report and Presentations, Baker Tilly will invoice ORS **$10,500** for services completed during the Fieldwork and Reporting Phase.

The total fees associated with the deliverables described above shall not exceed **$65,350**, unless otherwise authorized in writing by ORS.

Planning Phase Deliverables: Planning Memo and Work Plan	Hours	Rate	Amount
Partner	2	$ 400.00	$ 800.00
Director	4	$ 375.00	$ 1,500.00
Senior Manager	18	$ 350.00	$ 6,300.00
Manager/IT Senior	40	$ 260.00	$ 10,400.00
Experienced Associate	65	$ 220.00	$ 14,300.00
Sub Total	129		$ 33,300.00

Fieldwork Phase Deliverable: Preliminary Findings			
Partner	2	$ 400.00	$ 800.00
Director	4	$ 375.00	$ 1,500.00
Senior Manager	15	$ 350.00	$ 5,250.00
Manager/IT Senior	20	$ 260.00	$ 5,200.00
Experienced Associate	40	$ 220.00	$ 8,800.00
Sub Total	81		$ 21,550.00

Reporting Phase Deliverables: Recommendations, Final Report and Presentations			
Partner	1	$ 400.00	$ 400.00
Director	2	$ 375.00	$ 750.00
Senior Manager	5	$ 350.00	$ 1,750.00
Manager/IT Senior	14	$ 260.00	$ 3,640.00
Experienced Associate	18	$ 220.00	$ 3,960.00
Sub Total	40		$ 10,500.00

Total Estimated Project Hours	**250**		**$ 65,350.00**