

EXHIBIT A **SCOPE OF WORK**

PURPOSE OF AGREEMENT

This interagency agreement between the State Energy Resources Conservation and Development Commission (Energy Commission) and the Department of Finance, Office of State Audits and Evaluations (Finance), is for the purpose of acquiring professional services to conduct annual financial audits of the Renewable Resource Trust Fund as required by Public resources Code Section 25751 (g).

2. SCOPE OF WORK

Finance will audit the Renewable Resource Trust Fund's (Fund) financial statements for the fiscal years ending June 30, 2011, June 30, 2012, and June 30, 2013. The audits will include all applicable assets, liabilities, fund balance, revenues, expenditures, and transfers. Finance will perform the following tasks:

- Express an opinion on whether the Fund's Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are presented fairly in conformity with generally accepted accounting principles.
- Conduct a risk assessment and review of applicable internal controls for purposes of determining the nature and extent of account testing.
- Review the Fund's financial statement disclosures for completeness and accuracy.

Finance will conduct the above work in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

The audit will be fiscal in nature. Finance will not review the efficiency, effectiveness, or performance of the Energy Commission's programs.

3. PROJECT DELIVERABLES

Engagement Letter

Finance shall notify the Energy Commission by July 31 of each year in writing on how the audit will be conducted, where the audit will be performed, and when the entrance conference will be held. The letter outlines the audit work to be performed.

Financial Report

Finance will issue a draft audit report (if there are findings) to the Energy Commission in January of each year of this agreement and a final report in February. Finance will prepare a legislative transmittal and the Energy Commission will transmit the final report to the Legislature by March 1 of each year.

Management Letter

If there are internal control issues requiring corrective action (that are not reported in the financial report), Finance will issue a management letter under separate cover to the Energy Commission.

Other Matters

Finance may also identify other matters that may be of importance to the Legislature or public oversight agencies, and provide analysis to assist the Energy Commission in its stewardship and accountability of the Fund.