

**COUNTY OF MONTEREY STANDARD AGREEMENT  
(MORE THAN \$100,000)**

This Agreement is made by and between the County of Monterey, a political subdivision of the State of California (hereinafter "County") and:

CliftonLarsonAllen LLP

(hereinafter "CONTRACTOR").

In consideration of the mutual covenants and conditions set forth in this Agreement, the parties agree as follows:

**1.0 GENERAL DESCRIPTION.**

1.01 The County hereby engages CONTRACTOR to perform, and CONTRACTOR hereby agrees to perform, the services described in **Exhibit A** in conformity with the terms of this Agreement. The goods and/or services are generally described as follows:

**Provide** Services in compliance with RFP #10682. Professional audit services for Fiscal Years ending June 30, 2018, 2019, and 2020, with an option to extend for two additional one-year periods. Services set forth on Exhibit A.

**2.0 PAYMENT PROVISIONS.**

2.01 County shall pay the CONTRACTOR in accordance with the payment provisions set forth in **Exhibit A**, subject to the limitations set forth in this Agreement. The total amount payable by County to CONTRACTOR under this Agreement shall not exceed the sum of \$ 502,620.00.

**3.0 TERM OF AGREEMENT.**

3.01 The term of this Agreement is from August 1, 2018 to June 30, 2021, unless sooner terminated pursuant to the terms of this Agreement. This Agreement is of no force or effect until signed by both CONTRACTOR and County and with County signing last, and **CONTRACTOR may not commence work before County signs this Agreement.**

3.02 The County reserves the right to cancel this Agreement, or any extension of this Agreement, without cause, with a thirty day (30) written notice, or with cause immediately.

**4.0 SCOPE OF SERVICES AND ADDITIONAL PROVISIONS.**

4.01 The following attached exhibits are incorporated herein by reference and constitute a part of this Agreement:

**Exhibit A Scope of Services/Payment Provisions**

## 5.0 PERFORMANCE STANDARDS.

- 5.01 CONTRACTOR warrants that CONTRACTOR and CONTRACTOR's agents, employees, and subcontractors performing services under this Agreement are specially trained, experienced, competent, and appropriately licensed to perform the work and deliver the services required under this Agreement and are not employees of the County, or immediate family of an employee of the County.
- 5.02 CONTRACTOR, its agents, employees, and subcontractors shall perform all work in a safe and skillful manner and in compliance with all applicable laws and regulations. All work performed under this Agreement that is required by law to be performed or supervised by licensed personnel shall be performed in accordance with such licensing requirements.
- 5.03 CONTRACTOR shall furnish, at its own expense, all materials, equipment, and personnel necessary to carry out the terms of this Agreement, except as otherwise specified in this Agreement. CONTRACTOR shall not use County premises, property (including equipment, instruments, or supplies) or personnel for any purpose other than in the performance of its obligations under this Agreement.

## 6.0 PAYMENT CONDITIONS.

- 6.01 Prices shall remain firm for the initial term of the Agreement and, thereafter, may be adjusted annually as provided in this paragraph. The County does not guarantee any minimum or maximum amount of dollars to be spent under this Agreement.
- 6.02 Negotiations for rate changes shall be commenced, by CONTRACTOR, a minimum of ninety days (90) prior to the expiration of the Agreement. Rate changes are not binding unless mutually agreed upon in writing by the County and the CONTRACTOR.
- 6.03 Invoice amounts shall be billed directly to the ordering department.
- 6.04 CONTRACTOR shall submit such invoice periodically or at the completion of services, but in any event, not later than 30 days after completion of services. The invoice shall set forth the amounts claimed by CONTRACTOR for the previous period, together with an itemized basis for the amounts claimed, and such other information pertinent to the invoice. The County shall certify the invoice, either in the requested amount or in such other amount as the County approves in conformity with this Agreement, and shall promptly submit such invoice to the County Auditor-Controller for payment. The County Auditor-Controller shall pay the amount certified within 30 days of receiving the certified invoice.

## 7.0 TERMINATION.

- 7.01 During the term of this Agreement, the County may terminate the Agreement for any reason by giving written notice of termination to the CONTRACTOR at least thirty (30) days prior to the effective date of termination. Such notice shall set forth the effective date of termination. In the event of such termination, the amount payable under this Agreement shall be reduced in proportion to the services provided prior to the date of termination.

- 7.02 The County may cancel and terminate this Agreement for good cause effective immediately upon written notice to CONTRACTOR. "Good cause" includes the failure of CONTRACTOR to perform the required services at the time and in the manner provided under this Agreement. If County terminates this Agreement for good cause, the County may be relieved of the payment of any consideration to CONTRACTOR, and the County may proceed with the work in any manner, which County deems proper. The cost to the County shall be deducted from any sum due the CONTRACTOR under this Agreement.
- 7.03 The County's payments to CONTRACTOR under this Agreement are funded by local, state and federal governments. If funds from local, state and federal sources are not obtained and continued at a level sufficient to allow for the County's purchase of the indicated quantity of services, then the County may give written notice of this fact to CONTRACTOR, and the obligations of the parties under this Agreement shall terminate immediately, or on such date thereafter, as the County may specify in its notice, unless in the meanwhile the parties enter into a written amendment modifying this Agreement.

## 8.0 INDEMNIFICATION.

- 8.01 CONTRACTOR shall indemnify, defend, and hold harmless the County, its officers, agents, and employees, from and against any and all claims, liabilities, and losses whatsoever (including damages to property and injuries to or death of persons, court costs, and reasonable attorneys' fees) occurring or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims, liabilities, and losses occurring or resulting to any person, firm, or corporation for damage, injury, or death arising out of or connected with the CONTRACTOR's performance of this Agreement, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of the County. "CONTRACTOR's performance" includes CONTRACTOR's action or inaction and the action or inaction of CONTRACTOR's officers, employees, agents and subcontractors.

## 9.0 INSURANCE REQUIREMENTS.

### 9.01 Evidence of Coverage:

Prior to commencement of this Agreement, the Contractor shall provide a "Certificate of Insurance" certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition, the Contractor upon request shall provide a certified copy of the policy or policies.

This verification of coverage shall be sent to the County's Contracts/Purchasing Department, unless otherwise directed. The Contractor shall not receive a "Notice to Proceed" with the work under this Agreement until it has obtained all insurance required and the County has approved such insurance. This approval of insurance shall neither relieve nor decrease the liability of the Contractor.

### 9.02 Qualifying Insurers:

All coverage's, except surety, shall be issued by companies which hold a current policy holder's alphabetic and financial size category rating of not less than A- VII, according to

the current Best's Key Rating Guide or a company of equal financial stability that is approved by the County's Purchasing Manager.

- 9.03 **Insurance Coverage Requirements:** Without limiting CONTRACTOR's duty to indemnify, CONTRACTOR shall maintain in effect throughout the term of this Agreement a policy or policies of insurance with the following minimum limits of liability:

**Commercial General Liability Insurance,** including but not limited to premises and operations, including coverage for Bodily Injury and Property Damage, Personal Injury, Contractual Liability, Broad form Property Damage, Independent Contractors, Products and Completed Operations, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

*(Note: any proposed modifications to these general liability insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in blue ink. All proposed modifications are subject to County approval.)*

**Business Automobile Liability Insurance,** covering all motor vehicles, including owned, leased, non-owned, and hired vehicles, used in providing services under this Agreement, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

*(Note: any proposed modifications to these auto insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in blue ink. All proposed modifications are subject to County approval.)*

**Workers' Compensation Insurance,** if CONTRACTOR employs others in the performance of this Agreement, in accordance with California Labor Code section 3700 and with Employer's Liability limits not less than \$1,000,000 each person, \$1,000,000 each accident and \$1,000,000 each disease.

*(Note: any proposed modifications to these workers' compensation insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in blue ink. All proposed modifications are subject to County approval.)*

**Professional Liability Insurance,** if required for the professional services being provided, (e.g., those persons authorized by a license to engage in a business or profession regulated by the California Business and Professions Code), in the amount of not less than \$1,000,000 per claim and \$2,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services. If professional liability insurance is written on a "claims-made" basis rather than an occurrence basis, the CONTRACTOR shall, upon the expiration or earlier termination of this Agreement, obtain extended reporting coverage ("tail coverage") with the same liability limits. Any such tail coverage shall continue for at least three years following the expiration or earlier termination of this Agreement.

*(Note: any proposed modifications to these insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in blue ink. All proposed modifications are subject to County approval.)*

9.04 Other Requirements:

All insurance required by this Agreement shall be with a company acceptable to the County and issued and executed by an admitted insurer authorized to transact Insurance business in the State of California. Unless otherwise specified by this Agreement, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date CONTRACTOR completes its performance of services under this Agreement.

Each liability policy shall provide that the County shall be given notice in writing at least thirty days in advance of any endorsed reduction in coverage or limit, cancellation, or intended non-renewal thereof. Each policy shall provide coverage for Contractor and additional insureds with respect to claims arising from each subcontractor, if any, performing work under this Agreement, or be accompanied by a certificate of insurance from each subcontractor showing each subcontractor has identical insurance coverage to the above requirements.

**Commercial general liability and automobile liability policies shall provide an endorsement naming the County of Monterey, its officers, agents, and employees as Additional Insureds** with respect to liability arising out of the CONTRACTOR'S work, including ongoing and completed operations, **and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by the County and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by the CONTRACTOR'S insurance.** The required endorsement form for Commercial General Liability Additional Insured is ISO Form CG 20 10 11-85 or CG 20 10 10 01 in tandem with CG 20 37 10 01 (2000). The required endorsement form for Automobile Additional Insured endorsement is ISO Form CA 20 48 02 99.

Prior to the execution of this Agreement by the County, CONTRACTOR shall file certificates of insurance with the County's contract administrator and County's Contracts/Purchasing Division, showing that the CONTRACTOR has in effect the insurance required by this Agreement. The CONTRACTOR shall file a new or amended certificate of insurance within five calendar days after any change is made in any insurance policy, which would alter the information on the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause in this Agreement, which shall continue in full force and effect.

CONTRACTOR shall at all times during the term of this Agreement maintain in force the insurance coverage required under this Agreement and shall send, without demand by County, annual certificates to County's Contract Administrator and County's Contracts/Purchasing Division. If the certificate is not received by the expiration date, County shall notify CONTRACTOR and CONTRACTOR shall have five calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by CONTRACTOR to maintain such insurance is a default of this Agreement, which entitles County, at its sole discretion, to terminate this Agreement immediately.

## 10.0 RECORDS AND CONFIDENTIALITY.

- 10.01 Confidentiality. CONTRACTOR and its officers, employees, agents, and subcontractors shall comply with any and all federal, state, and local laws, which provide for the confidentiality of records and other information. CONTRACTOR shall not disclose any confidential records or other confidential information received from the County or prepared in connection with the performance of this Agreement, unless County specifically permits CONTRACTOR to disclose such records or information. CONTRACTOR shall promptly transmit to County any and all requests for disclosure of any such confidential records or information. CONTRACTOR shall not use any confidential information gained by CONTRACTOR in the performance of this Agreement except for the sole purpose of carrying out CONTRACTOR's obligations under this Agreement.
- 10.02 County Records. When this Agreement expires or terminates, CONTRACTOR shall return to County any County records which CONTRACTOR used or received from County to perform services under this Agreement.
- 10.03 Maintenance of Records. CONTRACTOR shall prepare, maintain, and preserve all reports and records that may be required by federal, state, and County rules and regulations related to services performed under this Agreement. CONTRACTOR shall maintain such records for a period of at least three years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the three year period, then CONTRACTOR shall retain said records until such action is resolved.
- 10.04 Access to and Audit of Records. The County shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the CONTRACTOR and its subcontractors related to services provided under this Agreement. Pursuant to Government Code section 8546.7, if this Agreement involves the expenditure of public funds in excess of \$10,000, the parties to this Agreement may be subject, at the request of the County or as part of any audit of the County, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.
- 10.05 Royalties and Inventions. County shall have a royalty-free, exclusive and irrevocable license to reproduce, publish, and use, and authorize others to do so, all original computer programs, writings, sound recordings, pictorial reproductions, drawings, and other works of similar nature produced in the course of or under this Agreement. CONTRACTOR shall not publish any such material without the prior written approval of County.

## 11.0 NON-DISCRIMINATION.

- 11.01 During the performance of this Agreement, CONTRACTOR, and its subcontractors, shall not unlawfully discriminate against any person because of race, religious creed, color, sex, national origin, ancestry, physical disability, mental disability, medical condition, marital status, age (over 40), or sexual orientation, either in CONTRACTOR's employment practices or in the furnishing of services to recipients. CONTRACTOR shall ensure that the evaluation and treatment of its employees and applicants for employment and all persons receiving and requesting services are free of such discrimination. CONTRACTOR and any subcontractor shall, in the performance of this Agreement, fully comply with all federal,

state, and local laws and regulations which prohibit discrimination. The provision of services primarily or exclusively to such target population as may be designated in this Agreement shall not be deemed to be prohibited discrimination.

**12.0 COMPLIANCE WITH TERMS OF STATE OR FEDERAL GRANTS.**

12.01 If this Agreement has been or will be funded with monies received by the County pursuant to a contract with the state or federal government in which the County is the grantee, CONTRACTOR will comply with all the provisions of said contract, to the extent applicable to CONTRACTOR as a subgrantee under said contract, and said provisions shall be deemed a part of this Agreement, as though fully set forth herein. Upon request, County will deliver a copy of said contract to CONTRACTOR, at no cost to CONTRACTOR.

**13.0 INDEPENDENT CONTRACTOR.**

13.01 In the performance of work, duties, and obligations under this Agreement, CONTRACTOR is at all times acting and performing as an independent contractor and not as an employee of the County. No offer or obligation of permanent employment with the County or particular County department or agency is intended in any manner, and CONTRACTOR shall not become entitled by virtue of this Agreement to receive from County any form of employee benefits including but not limited to sick leave, vacation, retirement benefits, workers' compensation coverage, insurance or disability benefits. CONTRACTOR shall be solely liable for and obligated to pay directly all applicable taxes, including federal and state income taxes and social security, arising out of CONTRACTOR's performance of this Agreement. In connection therewith, CONTRACTOR shall defend, indemnify, and hold County harmless from any and all liability which County may incur because of CONTRACTOR's failure to pay such taxes.

**14.0 NOTICES.**

14.01 Notices required under this Agreement shall be delivered personally or by first-class, postage pre-paid mail to the County and CONTRACTOR'S contract administrators at the addresses listed below:

<b>FOR COUNTY:</b>	<b>FOR CONTRACTOR:</b>
Rupa Shah, CPA Assistant Auditor-Controller	Richard Gonzalez, CPA, Principal
Name and Title	Name and Title
168 W Alisal Street, Fl 3 Salinas, CA 93901	925 Highland Pinte Drive, Suite 450 Roseville, CA 95678
Address	Address
831-755-5099	916-784-7800
Phone	Phone

## 15.0 MISCELLANEOUS PROVISIONS.

- 15.01 Conflict of Interest. CONTRACTOR represents that it presently has no interest and agrees not to acquire any interest during the term of this Agreement, which would directly, or indirectly conflict in any manner or to any degree with the full and complete performance of the services required to be rendered under this Agreement.
- 15.02 Amendment. This Agreement may be amended or modified only by an instrument in writing signed by the County and the CONTRACTOR.
- 15.03 Waiver. Any waiver of any terms and conditions of this Agreement must be in writing and signed by the County and the CONTRACTOR. A waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any other terms or conditions in this Agreement.
- 15.04 Contractor. The term "CONTRACTOR" as used in this Agreement includes CONTRACTOR's officers, agents, and employees acting on CONTRACTOR's behalf in the performance of this Agreement.
- 15.05 Disputes. CONTRACTOR shall continue to perform under this Agreement during any dispute.
- 15.06 Assignment and Subcontracting. The CONTRACTOR shall not assign, sell, or otherwise transfer its interest or obligations in this Agreement without the prior written consent of the County. None of the services covered by this Agreement shall be subcontracted without the prior written approval of the County. Notwithstanding any such subcontract, CONTRACTOR shall continue to be liable for the performance of all requirements of this Agreement.
- 15.07 Successors and Assigns. This Agreement and the rights, privileges, duties, and obligations of the County and CONTRACTOR under this Agreement, to the extent assignable or delegable, shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, and heirs.
- 15.08 Compliance with Applicable Law. The parties shall comply with all applicable federal, state, and local laws and regulations in performing this Agreement.
- 15.09 Headings. The headings are for convenience only and shall not be used to interpret the terms of this Agreement.
- 15.10 Time is of the Essence. Time is of the essence in each and all of the provisions of this Agreement.
- 15.11 Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of California.
- 15.12 Non-exclusive Agreement. This Agreement is non-exclusive and both County and CONTRACTOR expressly reserve the right to contract with other entities for the same or similar services.



- 15.13 Construction of Agreement. The County and CONTRACTOR agree that each party has fully participated in the review and revision of this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendment to this Agreement.
- 15.14 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.
- 15.15 Authority. Any individual executing this Agreement on behalf of the County or the CONTRACTOR represents and warrants hereby that he or she has the requisite authority to enter into this Agreement on behalf of such party and bind the party to the terms and conditions of this Agreement.
- 15.16 Integration. This Agreement, including the exhibits, represent the entire Agreement between the County and the CONTRACTOR with respect to the subject matter of this Agreement and shall supersede all prior negotiations, representations, or agreements, either written or oral, between the County and the CONTRACTOR as of the effective date of this Agreement, which is the date that the County signs the Agreement.
- 15.17 Interpretation of Conflicting Provisions. In the event of any conflict or inconsistency between the provisions of this Agreement and the Provisions of any exhibit or other attachment to this Agreement, the provisions of this Agreement shall prevail and control.

-----*This section left blank intentionally*-----

16.0 SIGNATURE PAGE.

IN WITNESS WHEREOF, County and CONTRACTOR have executed this Agreement as of the day and year written below.

**COUNTY OF MONTEREY**

**CONTRACTOR**

By: [Signature]  
Contracts/Purchasing Officer

Date: 7-26-18

By: \_\_\_\_\_  
Department Head (if applicable)

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Board of Supervisors (if applicable)

Date: \_\_\_\_\_

Approved as to Form<sup>1</sup>  
By: [Signature]  
County Counsel

Date: 7/23/18

Approved as to Fiscal Provisions<sup>2</sup>  
By: [Signature]  
Auditor/Controller

Date: 7/23/18

Approved as to Liability Provisions<sup>3</sup>  
By: N/A  
Risk Management

Date: \_\_\_\_\_

Clifton Larson Allen LLP

Contractor's Business Name\*

By: [Signature]  
(Signature of Chair, President, or Vice-President)\*

Richard Gonzalez, Principal  
Name and Title

Date: July 3, 2018

By: \_\_\_\_\_  
(Signature of Secretary, Asst. Secretary, CFO, Treasurer or Asst. Treasurer)\*

Date: \_\_\_\_\_  
Name and Title

County Board of Supervisors' Agreement Number: \_\_\_\_\_, approved on (date): \_\_\_\_\_

\*INSTRUCTIONS: If CONTRACTOR is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers. If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership. If CONTRACTOR is contracting in an individual capacity, the individual shall set forth the name of the business, if any, and shall personally sign the Agreement.

<sup>1</sup>Approval by County Counsel is required

<sup>2</sup>Approval by Auditor-Controller is required

<sup>3</sup>Approval by Risk Management is necessary only if changes are made in paragraphs 8 or 9

## **EXHIBIT-A**

**To Agreement by and between  
Office of the Auditor-Controller, hereinafter referred to as "County"  
AND  
CliftonLarsonAllen LLP, hereinafter referred to as "CONTRACTOR"**

### **Scope of Services / Payment Provisions**

#### **A. SCOPE OF SERVICES**

**A.1 CONTRACTOR shall provide services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:**

**A.1.1 CONTRACTOR shall audit and report on the financial statements for the County and its component units. These reports shall include the CAFR and the Schedule of Expenditures of Federal Awards.**

**A.1.2 CONTRACTOR shall audit and report on the financial statements for the following Joint Powers Authorities, Special Districts and other designated legislative bodies, hereafter referred to as non-CAFR entities:**

- Treasury Oversight Committee
- Monterey County Public Improvement Corporation
- Monterey County Financing Authority
- East Garrison Public Financing Authority
- Natividad Medical Center (County Department. See section 2.14)

Except for Natividad Medical Center, Reports on non-CAFR entities are reports separate from the CAFR on the County and its component units.

**A.1.3 CONTRACTOR shall express an opinion on the fair presentation of the County's basic financial statements, and for each of the non-CAFR financial statements in conformity with generally accepted accounting principles.**

**A.1.4 CONTRACTOR is not required to audit the combining and individual fund financial statements, schedules, introductory section or statistical section contained in the comprehensive annual financial report. However, CONTRACTOR shall provide an "in-relation-to" opinion on the budgetary comparison schedules and the combining and individual non-major fund financial statements based on the auditing procedures applied during the audit of the basic financial statements.**

- A.1.5 CONTRACTOR shall perform certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
- A.1.6 CONTRACTOR shall perform the required procedures for providing a “in relation to” opinion on the schedule of expenditures of federal awards (single audit).
- A.1.7 CONTRACTOR shall submit single audit report to the Federal Audit Clearing House website.
- A.1.8 CONTRACTOR shall present the County’s Comprehensive Annual Financial Report, Schedule of Expenditures of Federal Awards (Single Audit) and Management Report to the County Board of Supervisors, upon request.
- A.1.9 CONTRACTOR shall participate in at least one (1) entrance conference, and at least one (1) exit conference each year of the audit engagement with the County.
- A.1.10 CONTRACTOR shall provide the County with new accounting and auditing pronouncements.
- A.1.11 CONTRACTOR shall discuss the impact and implementation of new accounting and auditing pronouncements on the County, as needed.
- A.1.12 CONTRACTOR shall make available locally offered, in-house governmental accounting, governmental auditing, and other related training programs to the staff of the County.
- A.1.13 CONTRACTOR shall be responsible for the preparation, typing, proofing, printing, and copying of the financial statements of Public Improvement Corporation and Monterey County’s Financing Authority. This entity is a separate legal entity, nonprofit, public benefit corporations created under the California Corporations Code. The entity assists the County in the acquisition, construction, or improvement of real property or equipment by issuance and payment of debt acting as the conduit between the County and the bond holders. While separate financial reports are issued, its financial data are also included in the County’s Financial Report as blended.
- A.1.14 CONTRACTOR shall be responsible for the preparation, typing, proofing, printing, and copying of the financial statements of Monterey County’s Financing Authority. This entity is a separate legal entity, created through a Joints Power Agreement between the County and Monterey County Water Resources Agency, a component unit of the County, under the provisions of Article 1 of Chapter 5, Division 7, Title 1 of the State of California’s Government Code. This entity

assists the County & Agency in the acquisition, construction, or improvement of real property or equipment by issuance and payment of debt acting as the conduit between the County and the bond holders. While separate financial reports are issued, its financial data are also included in the County's Financial Report as blended.

A.1.15 CONTRACTOR shall be responsible for the preparation, typing, proofing, printing, and copying of the financial statements of East Garrison Public Financing Authority. This is a separate legal entity, created through a Joints Power Agreement between the County and the East Garrison Community Services District. This entity assists the East Garrison Community Facilities District for the financing of the various public capital improvements and working capital, both as defined in the Bond Pooling act. Separate reports have not been issued.

A.1.16 CONTRACTOR shall perform the audits in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. Government Accountability Office's *Government Auditing Standards*, July 2011 revisions; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and any subsequent revisions or amendments to the above listed standards.

A.1.17 CONTRACTOR shall issue the County fiscal year financial statements (the CAFR) for the County and its component units as follows:

A.1.17.1 A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including but reported separately an "in relation to" opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.

A.1.17.2 A report on compliance and internal control over financial reporting based on an audit of the financial statements.

A.1.17.3 A report on compliance and internal control over compliance applicable to each major federal program.

A.1.18 CONTRACTOR shall issue the County fiscal year financial statements for non-CAFR entities as follows:

- A.1.18.1 A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an “in relation to” opinion on the fair presentation of the schedule of expenditures of federal awards in relation to the audited financial statements, if applicable.
  - A.1.18.2 A report on compliance and internal control over financial reporting based on an audit of the financial statements.
  - A.1.18.3 A report on compliance and internal control over compliance applicable to each major federal program, if applicable.
- A.1.19 CONTRACTOR shall communicate, the CONTRACTOR will communicate any *material deficiencies in internal controls* found during the audit in the required report on compliance and internal controls. A material deficiency is defined as “a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.”
- A.1.20 CONTRACTOR shall include all material instances of non-compliance of compliance and internal controls in a separate management letter, which will be referred to in the report on compliance and internal controls.
- A.1.20.1 Irregularities and illegal acts - CONTRACTOR shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the County and the Board of Supervisors.
  - A.1.20.2 Additional Reports: CONTRACTOR shall prepare and deliver special reports which may be requested by the County Board of Supervisors, the County Grand Jury, the County Auditor Controller’s Office, or the County Administrative Office. Hourly rates are requested elsewhere in this RFP to be used for performing any such special reports or audits.
- A.1.21 CONTRACTOR shall perform agreed-upon auditing procedures pertaining to the County’s GANN Limit (Appropriations Limit) and render a letter annually to the County regarding compliance.
- A.1.22 Special Considerations
- A.1.22.1 The County shall send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence

in Financial Reporting program. The CONTRACTOR shall provide special assistance to the County to meet the requirements of that program if requested.

- A.1.22.2 The County currently anticipates it shall prepare one or more official statements regarding the sale of debt securities, which will contain the basic financial statements and the CONTRACTOR's report thereon. CONTRACTOR shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" as the CONTRACTOR and any necessary "comfort letters."
- A.1.22.3 CONTRACTOR shall issue, as part of the Single Audit report, the Schedule of Expenditures of Federal Awards and related CONTRACTOR's report, as well as the reports on compliance and internal controls
- A.1.22.4 For the past four years, the County develops the Comprehensive Annual Financial Report in house. CONTRACTOR shall include a quote in the proposal for the preparation, typing, proofing of the Comprehensive Annual Financial Report by the CONTRACTOR. If this option is elected, the County will be actively involved in the Management Discussion & Analysis ("MD&A"), and other schedules section preparation. If this option is accepted, the CONTRACTOR shall submit a draft of the Financial Statement to be reviewed in detail by the County. This draft shall be submitted to the County in time to allow ample review and corrections. The timing of this should insure completion of the Financial Statements no later than the December 31<sup>st</sup> deadline.

#### A.1.23 Working Paper Retention and Access to Working Papers

- A.1.23.1 CONTRACTOR shall retain, at CONTRACTOR's expense, all working papers and reports for a minimum of five years, unless CONTRACTOR is notified in writing by the County to extend the retention period. CONTRACTOR shall be required to make working papers available, upon request, to the following parties or their designees:
- Monterey County
  - U.S. General Accounting Office (GAO)
  - Parties designated by the federal or state governments or by the County as part of an audit quality review process

- Auditors of entities of which the County is a sub-recipient of grant funds
- Auditors of entities of which the County is a component unit

A.1.23.2 In addition, the firm will respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

#### A.1.24 Description of the Entity and Records to be Audited.

A.1.24.1 Name and Telephone Number of Contact Persons/Organization Chart

A.1.24.2 The County's principal contact for this project will be Burcu Mousa, Chief Deputy Auditor-Controller, or a designated representative, who will coordinate the assistance to be provided by the County to the CONTRACTOR.

A.1.24.3 Availability of Prior Audit Reports and Working Papers

CONTRACTORS who wish to review prior years' audit reports and management letters not available on the County's website shall contact Burcu Mousa at 168 W. Alisal St. 3<sup>rd</sup> Floor, Salinas, CA, 93901, telephone number (831) 755-5089. The County will use its best efforts to make prior audit reports available to proposers to aid their response to this request for proposals.

#### A.1.25 Assistance to be provided to the CONTRACTOR and Report Preparation

A.1.25.1 County Assistance

The County and responsible management personnel shall be available during the audit to assist CONTRACTOR by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the County.

A.1.25.2 Statements and Schedules to be prepared by the Staff of the County

The accounting staff of the County prepares information for statements and schedules contained in the CAFR.

A.1.25.3 Work Area, Telephones, Photocopying and Internet Access



The County shall provide CONTRACTOR with reasonable work space, desks, and chairs. CONTRACTOR will also be provided with access to a telephone line, photocopying, and internet access.

#### A.1.25.4 Report Preparation

The County currently prepares the CAFR, and is responsible for printing and binding of the report unless determined otherwise by the County for which the Contractor shall provide the service at the agreed rate.

All other non-CAFR entities reports will be prepared by the CONTRACTOR, with the assistance of the County. CONTRACTOR shall print and bound the reports.

#### A.1.26 Date Audit May Commence

The County will have all records ready for audit and all management personnel available to meet with CONTRACTOR's personnel as of the close of the County books usually the end of August. Interim work may begin after contract is signed.

#### A.1.27 Schedule for the fiscal year 2017-18 Year Audits

A.1.27.1 A similar, but adjusted, time schedule will be developed for audits of future fiscal years.

A.1.27.2 CONTRACTOR shall complete each of the following no later than the dates indicated:

##### A.1.27.2.1 Detailed Audit Plan

A. CONTRACTOR shall prepare and provide a detailed audit plan to the County by July 20, 2018.

B. CONTRACTOR shall prepare and provide a list of all schedules to be prepared to the County by July 20, 2018.

##### A.1.27.2.2 Interim Work

The CONTRACTOR shall complete interim work by approximately August 31, 2018.

##### A.1.27.2.3 Fieldwork

The CONTRACTOR shall complete all fieldwork by October 31, 2018.

- A.1.27.2.4 Draft Reports  
 CONTRACTOR shall deliver drafts of the audit reports and recommendations to County for review as set forth below:

<u>Reporting Entity</u>	<u>Draft Report Due</u>
County of Monterey (CAFR, Single Audit and Management Letter)	November 9, 2018
Treasury Oversight Committee	November 9, 2018
Monterey County Public Finance Authority	December 7, 2018
Monterey County Public Improvement Corporation	December 7, 2018
East Garrison Public Finance Authority	February 9, 2019

A.1.28 Entrance Conferences, Progress Reporting and Exit Conferences

CONTRACTOR shall provide routine progress reports, including entrance and exit conferences, to the County or a designated representative on a regular basis, but not less than monthly during the term of performance. CONTRACTOR conducting the County audit shall be required to meet with the County to discuss various issues and provide updates. CONTRACTOR or the County may, with reasonable notice, request a meeting at any time during the term of performance.

A.1.29 Date Final Report is Due

- A.1.29.1 The County shall prepare information for the County's financial statements, notes and all required supplementary schedules [and statistical data] at least one (1) week prior to the draft report due dates.
- A.1.29.2 The County shall assist CONTRACTOR in the preparation of the non-CAFR financial statements, notes and all required supplementary schedules.
- A.1.29.3 CONTRACTOR shall provide draft CONTRACTOR's report(s) and all recommendations, revisions and suggestions for improvement to the County in accordance with Section A.27.2.4 above.
- A.1.29.4 CONTRACTOR shall deliver a revised CONTRACTOR's report to the County at least two (2) weeks prior to the final report due date listed below.
- A.1.29.5 The County shall complete review of draft reports within (10) ten business days of receipt from CONTRACTOR. During that period, CONTRACTOR shall be available for any meetings necessary to discuss the audit reports.

A.1.29.6 CONTRACTOR shall deliver the final signed report(s), once all issues have been resolved, to the County by the final report due date set forth in Section A.29.7 below.

A.1.29.7 CONTRACTOR shall deliver final reports and recommendations to the County as follows:

<u>Reporting Entity</u>	<u>Final Report Due</u>
County of Monterey (CAFR, Single Audit and Management Letter)	December 7, 2018
Treasury Oversight Committee	December 7, 2018
Monterey County Public Finance Authority	January 18, 2019
Monterey County Public Improvement Corporation	January 18, 2019
East Garrison Public Finance Authority	March 8, 2019

A.1.29.8 CONTRACTOR shall deliver to the County the total number of final bound audit and reports within ten (10) working days following the final report due date as follows:

- CAFR report (and 30 signed copies),
- Single Audit (10 copies), and
- Management Letter (10 copies),

CONTRACTOR shall deliver the reports to:

The County Auditor-Controller  
168 W. Alisal St., 3<sup>rd</sup> FL  
Salinas, CA 93901.

This will be required if the County accepts the proposal that includes report preparation by the CONTRACTOR.

A.1.29.9 CONTRACTOR shall deliver to the final County the Basic Financial Statements and 10 signed copies of all non-CAFR entity audits to the following address:

The County Auditor-Controller  
168 W. Alisal St., 3<sup>rd</sup> FL  
Salinas, CA 93901.

**B. PAYMENT PROVISIONS**

**B.1 COMPENSATION/ PAYMENT**

County shall pay an amount not to exceed \$502,620.00 for the performance of all things necessary for or incidental to the performance of work as set forth in the Scope of Work. CONTRACTOR'S compensation for services rendered shall be based on the following rates or in accordance with the following terms:

**Total All-inclusive Maximum Price**

Services	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total Maximum Price for All Services – Excluding Cost of Drafting the CAFR	\$158,440	\$160,040	\$161,640	\$163,340	\$164,440
Total Maximum Price for All Services – with Cost of Drafting the CAFR	\$165,940	\$167,540	\$169,140	\$170,840	\$171,940

The following is an hourly rate per employee type for additional services provided at the District's request:

Principal	Manager	Senior Associate	Staff Associate
\$225	\$160	\$130	\$110

There shall be no travel reimbursement allowed during this Agreement.

CONTRACTOR warrants that the cost charged for services under the terms of this contract are not in excess of those charged any other client for the same services performed by the same individuals.

**B.2 CONTRACTORS BILLING PROCEDURES**

NOTE: Payment may be based upon satisfactory acceptance of each deliverable, payment after completion of each major part of the Agreement, payment at conclusion of the Agreement, etc.

County may, in its sole discretion, terminate the contract or withhold payments claimed by CONTRACTOR for services rendered if CONTRACTOR fails to satisfactorily comply with any term or condition of this Agreement.

No payments in advance or in anticipation of services or supplies to be provided under this Agreement shall be made by County.

County shall not pay any claims for payment for services submitted more than twelve (12) months after the calendar month in which the services were completed.

**DISALLOWED COSTS:** CONTRACTOR is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors.