



**CONTRACT MA-003-23010066**

**BETWEEN**

**ORANGE COUNTY  
AUDITOR-CONTROLLER**

**AND**

**EIDE BAILLY LLP**

**FOR**

**INDEPENDENT AUDITING AND RELATED SERVICES**

**FOR THE FISCAL YEARS ENDING  
JUNE 30, 2023, 2024 AND 2025**

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**CONTRACT MA-003-23010066  
WITH  
EIDE BAILLY LLP  
FOR  
INDEPENDENT AUDITING AND RELATED SERVICES**

Contract MA-003-23010066 for Independent Auditing and Related Services (“Contract”) is made and entered into upon execution of all necessary signatures between the County of Orange, a political subdivision of the State of California, on behalf of the Office of the Auditor-Controller (“County”) and Eide Bailly LLP, with a place of business at 10681 Foothill Blvd Ste 300, Rancho Cucamonga, CA 91730 (“Contractor”) with County and Contractor sometimes referred to as a “Party” or collectively as the “Parties.”

**ATTACHMENTS**

This Contract is comprised of this document and the following Attachments which are incorporated by reference into this Contract:

Attachment A – Scope of Work  
Attachment B – Cost/Compensation  
Attachment C – County Provided Resources  
Attachment D – Project Plan / Timeline  
Attachment E – Organization Chart and Staffing Plan  
Attachment F – HIPAA Business Associate Addendum

**RECITALS**

**WHEREAS**, the Contractor responded to a Request for Proposal (“RFP”) for Independent Auditing and Related Services as further set forth herein; and

**WHEREAS**, the Contractor responded and represented that its proposed services for Independent Auditing and Related Services shall meet or exceed the requirements and specifications of the RFP; and

**WHEREAS**, the County of Orange Board of Supervisors has authorized the Purchasing Agent, or authorized deputy, to enter into a Contract for Independent Auditing and Related Services with the Contractor; and

**WHEREAS**, the County agrees to pay Contractor based on the schedule of fees set forth in Cost/Compensation, attached hereto as Attachment B;

**NOW, THEREFORE**, the Parties mutually agree as follows:

**ARTICLES**

**General Terms and Conditions:**

- A. **Governing Law and Venue:** This Contract has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this Contract, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another County. In order to comply with Governmental Auditing Standards the County and Contractor agree that an annual engagement letter will be signed. All of the components of

the annual engagement letter are incorporated by reference as an attachment to this Contract. In the event of a conflict between the Contract and/or the Statement of Work, on the one hand, and the terms of the annual engagement letter, on the other, the Contract and/or the Statement of Work shall take precedence.

- B. **Entire Contract:** This Contract, comprised of these terms and conditions, Attachments A, B, C, D, E and F which are incorporated herein, contains the entire Contract between the Parties with respect to the matters herein, and there are no restrictions, promises, warranties or undertakings other than those set forth herein or referred to herein. No exceptions, alternatives, substitutes or revisions are valid or binding on County unless authorized by County in writing. Electronic acceptance of any additional terms, conditions or supplemental Contracts by any County employee or agent, including but not limited to installers of software, shall not be valid or binding on County unless accepted in writing by County's Purchasing Agent or his designee, hereinafter "DPA."
- C. **Amendments:** No alteration or variation of the terms of this Contract shall be valid unless made in writing and signed by the Parties; no oral understanding or agreement not incorporated herein shall be binding on either of the Parties; and no exceptions, alternatives, substitutes or revisions are valid or binding on County unless authorized by County in writing.
- D. **Taxes:** Unless otherwise provided herein or by law, price quoted does not include California sales or use tax. Out-of-state Contractors shall indicate California Board of Equalization permit number and sales permit number on invoices, if California sales tax is added and collectable. If no permit numbers are shown, sales tax will be deducted from payment. The Auditor-Controller will then pay use tax directly to the State of California in lieu of payment of sales tax to the Contractor.
- E. **Delivery:** Time of delivery of services is of the essence in this Contract. County reserves the right to refuse services and to cancel all or any part of the services not conforming to the prescribed Scope of Work in Attachment A.
- F. **Acceptance/Payment:** Unless otherwise agreed to in writing by County, 1) acceptance shall not be deemed complete unless in writing and until all the goods/services have actually been received, inspected, and tested to the satisfaction of County, and 2) payment shall be made in arrears after satisfactory acceptance.
- G. **Warranty:** Contractor expressly warrants that the goods/services covered by this Contract are 1) free of liens or encumbrances, 2) merchantable and good for the ordinary purposes for which they are used, and 3) fit for the particular purpose for which they are intended. Acceptance of this order shall constitute an agreement upon Contractor's part to indemnify, defend and hold County and its indemnities as identified in paragraph "Z" below, and as more fully described in paragraph "Z," harmless from liability, loss, damage and expense, including reasonable counsel fees, incurred or sustained by County by reason of the failure of the goods/services to conform to such warranties, faulty work performance, negligent or unlawful acts, and non-compliance with any applicable state or federal codes, ordinances, orders, or statutes, including the Occupational Safety and Health Act (OSHA) and the California Industrial Safety Act. Such remedies shall be in addition to any other remedies provided by law.
- H. **Patent/Copyright Materials/Proprietary Infringement:** Unless otherwise expressly provided in this Contract, Contractor shall be solely responsible for clearing the right to use any patented or copyrighted materials in the performance of this Contract. Contractor warrants that any software as modified through services provided hereunder will not infringe upon or violate any patent, proprietary right, or trade secret right of any third Party. Contractor agrees that, in accordance with the more specific requirement contained in paragraph "Z" below, it shall indemnify, defend and hold County and County Indemnities harmless from any and all such claims and be responsible for payment of all costs, damages, penalties and expenses related to or arising from such claim(s), including, but not limited to, attorney's fees, costs and expenses.

- I. **Assignment:** The terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators and assigns of the Parties. Furthermore, neither the performance of this Contract nor any portion thereof may be assigned or sub-contracted by Contractor without the express written consent of County. Any attempt by Contractor to assign or sub-contract the performance or any portion thereof of this Contract without the express written consent of County shall be invalid and shall constitute a breach of this Contract.
- J. **Non-Discrimination:** In the performance of this Contract, Contractor agrees that it will comply with the requirements of Section 1735 of the California Labor Code and not engage nor permit any subcontractors to engage in discrimination in employment of persons because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, gender, gender identity, gender expressions, age, sexual orientation, or veteran or military status of such persons. Contractor acknowledges that a violation of this provision shall subject Contractor to penalties pursuant to Section 1741 of the California Labor Code.
- K. **Termination:** In addition to any other remedies or rights it may have by law, County has the right to terminate this Contract without penalty immediately with cause or after 30 days' written notice without cause, unless otherwise specified. Cause shall be defined as any breach of Contract, any misrepresentation or fraud on the part of the Contractor. Exercise by County of its right to terminate the Contract shall relieve County of all further obligations.
- L. **Consent to Breach Not Waiver:** No term or provision of this Contract shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the Party claimed to have waived or consented. Any consent by any Party to, or waiver of, a breach by the other, whether express or implied, shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.
- M. **Independent Contractor:** Contractor shall be considered an independent contractor and neither Contractor nor its employees; nor anyone working under Contractor shall be considered an agent or an employee of County. Neither Contractor nor its employees; nor anyone working under Contractor shall qualify for workers' compensation or other fringe benefits of any kind through County.
- N. **Performance:** Contractor shall perform all work under this Contract, taking necessary steps and precautions to perform the work accordance with the requirements of this Contract and applicable professional standards. Contractor shall be responsible for the professional quality, technical assurance, timely completion and coordination of all documentation and other goods and services furnished by the Contractor under this Contract. Contractor shall perform all work diligently, carefully, and in a good and workman-like manner; shall furnish all labor, supervision, machinery, equipment, materials, and supplies necessary therefore; shall at its sole expense obtain and maintain all permits and licenses required by public authorities, including those of County required in its governmental capacity, in connection with performance of the work; and, if permitted to subcontract, shall be fully responsible for all work performed by subcontractors.
- O. **Insurance:** Prior to the provision of services under this Contract, the Contractor agrees to purchase all required insurance at Contractor's expense, including all endorsements required herein, necessary to satisfy the County that the insurance provisions of this Contract have been complied with. Contractor agrees to keep such insurance coverage, Certificates of Insurance, and endorsements on deposit with the County during the entire term of this Contract. In addition, all subcontractors performing work on behalf of Contractor pursuant to this Contract shall obtain insurance subject to the same terms and conditions as set forth herein for Contractor.

Contractor shall ensure that all subcontractors performing work on behalf of Contractor pursuant to this Contract shall be covered under Contractor's insurance as an Additional Insured or maintain insurance subject to the same terms and conditions as set forth herein for Contractor. Contractor shall not allow subcontractors to work if subcontractors have less than the level of coverage required by County from Contractor under this Contract. It is the obligation of Contractor to provide notice of the insurance

requirements to every subcontractor and to receive proof of insurance prior to allowing any subcontractor to begin work. Such proof of insurance must be maintained by Contractor through the entirety of this Contract for inspection by County representative(s) at any reasonable time.

All self-insured retentions (SIRs) shall be clearly stated on the Certificate of Insurance. Any self-insured retention (SIR) in an amount in excess of Fifty Thousand Dollars (\$50,000) shall specifically be approved by the County’s Risk Manager, or designee, upon review of Contractor’s current audited financial report. If Contractor’s SIR is approved, Contractor, in addition to, and without limitation of, any other indemnity provision(s) in this Contract, agrees to all of the following:

1. In addition to the duty to indemnify and hold the County harmless against any and all liability, claim, demand or suit resulting from Contractor’s, its agents, employee’s or subcontractor’s performance of this Contract, Contractor shall defend the County at its sole cost and expense with counsel approved by Board of Supervisors against same; and
2. Contractor’s duty to defend, as stated above, shall be absolute and irrespective of any duty to indemnify or hold harmless; and
3. The provisions of California Civil Code Section 2860 shall apply to any and all actions to which the duty to defend stated above applies, and the Contractor’s SIR provision shall be interpreted as though the Contractor was an insurer and the County was the insured.

If the Contractor fails to maintain insurance acceptable to the County for the full term of this Contract, the County may terminate this Contract.

**Qualified Insurer**

The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best’s Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best’s Key Rating Guide/Property-Casualty/United States or ambest.com**). It is preferred, but not mandatory, that the insurer be licensed to do business in the state of California (California Admitted Carrier).

If the insurance carrier does not have an A.M. Best Rating of A-/VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the Contractor shall provide the minimum limits and coverage as set forth below:

<b><u>Coverage</u></b>	<b><u>Minimum Limits</u></b>
Commercial General Liability	\$1,000,000 per occurrence \$2,000,000 aggregate
Automobile Liability including coverage for owned, non-owned and hired vehicles	\$1,000,000 per occurrence
Workers Compensation	Statutory
Employers Liability Insurance	\$1,000,000 per occurrence
Professional Liability	\$1,000,000 per claims-made \$1,000,000 aggregate

**Required Coverage Forms**

The Commercial General Liability coverage shall be written on Insurance Services Office (ISO) form CG 00 01, or a substitute form providing liability coverage at least as broad.

The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 0012, CA 00 20, or a substitute form providing coverage at least as broad.

**Required Endorsements**

The Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of Insurance:

1. An Additional Insured endorsement using ISO form CG 20 26 04 13 or a form at least as broad naming the County of Orange its elected and appointed officials, officers, agents and employees as Additional Insureds, or provide blanket coverage, which will state AS REQUIRED BY WRITTEN Contract.
2. A primary non-contributing endorsement using ISO form CG 20 01 04 13, or a form at least as broad evidencing that the Contractor's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

The Workers' Compensation policy shall contain a waiver of subrogation endorsement waiving all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees or provide blanket coverage, which will state AS REQUIRED BY WRITTEN Contract.

All insurance policies required by this Contract shall waive all rights of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

Contractor shall notify County in writing within thirty (30) days of any policy cancellation and ten (10) days for non-payment of premium and provide a copy of the cancellation notice to County. Failure to provide written notice of cancellation may constitute a material breach of the Contract, upon which the County may suspend or terminate this Contract.

If Contractor's Professional Liability is a "Claims-Made" policy, Contractor shall agree to maintain coverage for two (2) years following the completion of the Contract.

The Commercial General Liability policy shall contain a severability of interests clause also known as a "separation of insureds" clause (standard in the ISO CG 0001 policy).

Insurance certificates should be forwarded to the agency/department address listed on the solicitation.

If the Contractor fails to provide the insurance certificates and endorsements within seven (7) days of notification by County Procurement or the agency/department purchasing division, award may be made to the next qualified Contractor.

County expressly retains the right to require Contractor to increase or decrease insurance of any of the above insurance types throughout the term of this Contract. Any increase or decrease in insurance will be as deemed by County of Orange Risk Manager as appropriate to adequately protect County.

County shall notify Contractor in writing of changes in the insurance requirements. If Contractor does not deposit copies of acceptable Certificates of Insurance and endorsements with County incorporating

such changes within thirty (30) days of receipt of such notice, this Contract may be in breach without further notice to Contractor, and County shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit Contractor's liability hereunder nor to fulfill the indemnification provisions and requirements of this Contract, nor act in any way to reduce the policy coverage and limits available from the insurer.

- P. **Changes:** Contractor shall make no changes in the work or perform any additional work without the County's specific written approval.
- Q. **Change in Ownership/Name, Litigation Status, Conflicts with County Interests:** Contractor agrees that if there is a change or transfer in ownership of Contractor's business prior to completion of this Contract, the new owners shall be required under terms of sale or other transfer to assume Contractor's duties and obligations contained in this Contract and complete them to the satisfaction of County.

County reserves the right to immediately terminate the Contract in the event the County determines that the assignee is not qualified or is otherwise unacceptable to the County for the provision of services under the Contract.

In addition, Contractor has the duty to notify the County in writing of any change in the Contractor's status with respect to name changes that do not require an assignment of the Contract. The Contractor is also obligated to notify the County in writing if the Contractor becomes a party to any litigation against the County, or a party to litigation that may reasonably affect the Contractor's performance under the Contract, as well as any potential conflicts of interest between Contractor and County that may arise prior to or during the period of Contract performance. While Contractor will be required to provide this information without prompting from the County any time there is a change in Contractor's name, conflict of interest or litigation status, Contractor must also provide an update to the County of its status in these areas whenever requested by the County.

The Contractor shall exercise reasonable care and diligence to prevent any actions or conditions that could result in a conflict with County interests. In addition to the Contractor, this obligation shall apply to the Contractor's employees, agents, and subcontractors associated with the provision of goods and services provided under this Contract. The Contractor's efforts shall include, but not be limited to establishing rules and procedures preventing its employees, agents, and subcontractors from providing or offering gifts, entertainment, payments, loans or other considerations which could be deemed to influence or appear to influence County staff or elected officers in the performance of their duties.

- R. **Force Majeure:** Contractor shall not be assessed with liquidated damages or unsatisfactory performance penalties during any delay beyond the time named for the performance of this Contract caused by any act of God, war, civil disorder, employment strike or other cause beyond its reasonable control, provided Contractor gives written notice of the cause of the delay to County within thirty-six (36) hours of the start of the delay and Contractor avails itself of any available remedies.
- S. **Confidentiality:** Contractor agrees to maintain the confidentiality of all County and County-related records and information pursuant to all statutory laws relating to privacy and confidentiality that currently exist or exist at any time during the term of this Contract. All such records and information shall be considered confidential and kept confidential by Contractor and Contractor's staff, agents and employees.
- T. **Compliance with Laws:** Contractor represents and warrants that services to be provided under this Contract shall fully comply, at Contractor's expense, with all standards, laws, statutes, restrictions, ordinances, requirements, and regulations (collectively "laws"), including, but not limited to those issued by County in its governmental capacity and all other laws applicable to the services at the time services are provided to and accepted by County. Contractor acknowledges that County is relying on Contractor to ensure such compliance, and pursuant to the requirements of paragraph "Z" below, Contractor agrees that it shall defend, indemnify and hold County and County Indemnities harmless from all liability, damages, costs, and expenses arising from or related to a violation of such laws.

- U. **Freight:** Prior to the County's express acceptance of delivery of products, Contractor assumes full responsibility for all transportation, transportation scheduling, packing, handling, insurance, and other services associated with delivery of all products deemed necessary under this Contract.
- V. **Severability:** If any term, covenant, condition, or provision of this Contract is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.
- W. **Attorney Fees:** In any action or proceeding to enforce or interpret any provision of this Contract, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney's fees, costs and expenses.
- X. **Interpretation:** This Contract has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with in this Contract. In addition, each party had been represented by experienced and knowledgeable independent legal counsel of their own choosing or has knowingly declined to seek such counsel despite being encouraged and given the opportunity to do so. Each party further acknowledges that they have not been influenced to any extent whatsoever in executing this Contract by any other party hereto or by any person representing them, or both. Accordingly, any rule or law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Contract against the party that has drafted it is not applicable and is waived. The provisions of this Contract shall be interpreted in a reasonable manner to effect the purpose of the parties and this Contract.
- Y. **Employee Eligibility Verification:** The Contractor warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirement set forth in Federal statutes and regulations. The Contractor shall obtain, from all employees, consultants and subcontractors performing work hereunder, all verification and other documentation of employment eligibility status required by Federal or State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324 et seq., as they currently exist and as they may be hereafter amended. The Contractor shall retain all such documentation for all covered employee, consultants and subcontractors for the period prescribed by the law. The Contractor shall indemnify, defend with counsel approved in writing by County, and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Contractor or the County or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.
- Z. **Indemnification:** Contractor agrees to indemnify, defend with counsel approved in writing by County, and hold County, its elected and appointed officials, officers, employees, agents and those special districts and agencies which County's Board of Supervisors acts as the governing Board ("County Indemnitees") harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services, products or other performance provided by Contractor pursuant to this Contract. If judgment is entered against Contractor and County by a court of competent jurisdiction because of the concurrent active negligence of County or County Indemnitees, Contractor and County agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment. Without affecting the rights of County or County Indemnitees under any provision of this Contract, Contractor shall not be required to indemnify and hold harmless County or County Indemnitees for any liabilities attributable to the sole negligence, failure to act or misconduct of County or County Indemnitees.
- AA. **Audits/Inspections:** Contractor agrees to permit the County's Auditor-Controller or the Auditor-Controller's authorized representative (including auditors from a private auditing firm hired by the County) access during normal working hours to all books, accounts, records, reports, files, financial records, supporting documentation, including payroll and accounts payable/receivable records, and other papers or property of Contractor for the purpose of auditing or inspecting any aspect of

performance under this contract. The inspection and/or audit will be confined to those matters connected with the performance of the contract including, but not limited to, the costs of administering the contract. The County will provide reasonable notice of such an audit or inspection.

The County reserves the right to audit and verify the Contractor's records before final payment is made.

Contractor agrees to maintain such records for possible audit for a minimum of three years after final payment, unless a longer period of records retention is stipulated under this contract or by law. Contractor agrees to allow interviews of any employees or others who might reasonably have information related to such records. Further, Contractor agrees to include a similar right to the County to audit records and interview staff of any subcontractor related to performance of this contract.

Should the Contractor cease to exist as a legal entity, the Contractor's records pertaining to this agreement shall be forwarded to the County Project Manager.

- BB. Contingency of Funds:** Contractor acknowledges that funding or portions of funding for this Contract may be contingent upon state budget approval; receipt of funds from, and/or obligation of funds by, the state of California to County; and inclusion of sufficient funding for the services hereunder in the budget approved by County's Board of Supervisors for each fiscal year covered by this Contract. If such approval, funding or appropriations are not forthcoming, or are otherwise limited, County may immediately terminate or modify this Contract without penalty. Should the Contractor cease to exist as a legal entity, Contractor's records pertaining to this agreement shall be forwarded to the surviving entity in a merger or acquisition or, in the event of liquidation, to the County's Project Manager.
- CC. Expenditure Limit:** The Contractor shall notify the County of Orange assigned Deputy Purchasing Agent in writing when the expenditures against the Contract reach 75 percent of the dollar limit on the Contract. The County will not be responsible for any expenditure overruns and will not pay for work exceeding the dollar limit on the Contract unless a change order to cover those costs has been issued.

**Additional Terms and Conditions:**

1. **Scope of Work:** This Contract specifies the contractual terms and conditions by which the County will procure services from the Contractor related to Independent Auditing and Related Services further detailed in the Scope of Work identified and incorporated herein by this reference as "Attachment A." The Independent Auditing and Related Services to be provided by Contractor thereunder are referred herein as the "Services."
2. **Term of Contract:** This Contract shall be for a three-year term, effective May 1, 2023 through April 30, 2026, unless otherwise terminated by County. This Contract may be renewed as set forth in Article 3 below.
3. **Renewal:** This Contract may be renewed by mutual written agreement of both Parties. The County does not have to give reason if it elects not to renew. Renewal periods may be subject to approval by the County of Orange Board of Supervisors.
4. **Adjustments:** Scope of Work: No adjustments made to the Scope of Work will be authorized without prior written approval of the County-assigned DPA.
5. **Precedence:** The Contracts documents consist of this agreement and its exhibits and attachments. In the event of a conflict between or among the Contract documents, the order of precedence shall be the provisions of the main body of this agreement, i.e., those provisions set forth in the recitals and articles of this agreement, and then the exhibits and attachments.
6. **Compensation/Terms of Payment:** This is a fixed price Contract between the County and Contractor for services provided in **Attachment A** – Scope of Work for each of the Fiscal Years ending June 30,

2023, 2024, and 2025. Compensation for services shall be as set forth in **Attachment B – Cost/Compensation**, attached hereto and made a part hereof.

The Contractor agrees to accept the specified compensation as set forth in this Contract and specified in **Attachment B – Cost/Compensation** herein as full remuneration for performing all services and furnishing all staffing and materials required, for any reasonably foreseeable difficulties which may arise or be encountered in the execution of the services until acceptance, for risks connected with the services, and for performance by the Contractor of all its duties and obligations hereunder. The County shall have no obligation to pay any sum in excess of set ceiling price unless authorized by Amendment in accordance with paragraph 5 of this Contract. Contractor shall not rely on the total ceiling cost established upon execution of the Contract, but will be paid for services actually rendered, up to the maximum amount indicated.

7. **Invoicing/Payment:** Invoices are payable in arrears, unless otherwise directed in this Contract. Invoices are to be submitted to County as provided below. Contractor shall reference the Contract number on every invoice. Payment will be net thirty (30) days after receipt of an invoice in a format acceptable to the County and verified and approved by the County’s Project Manager and subject to routine processing requirements. The responsibility for providing an acceptable invoice rests with the Contractor.

Billing shall cover services not previously invoiced. The Contractor shall reimburse the County for any monies paid to the Contractor for goods or services not provided or when goods or services do not meet the Contract requirements.

Payments made by the County shall not preclude the right of the County from thereafter disputing any items or services involved or billed under this Contract and shall not be construed as acceptance of any part of the services.

**Invoices and support documentation are to be forwarded to:**

Orange County Auditor-Controller/Finance Department  
 Attention: AC Invoices  
 1770 N. Broadway  
 Santa Ana, CA 92706  
 E-mail: [ACInvoices@ac.ocgov.com](mailto:ACInvoices@ac.ocgov.com)

Each invoice shall include a number and will include the following information:

1. Contractor’s name and address
  2. Contractor’s remittance address
  3. County Contract # **MA-003-23010066**
  4. Contractor’s Federal I.D. Number
  5. Services Provided (man hours and billing rates pertinent to the auditing/accounting services for each subproject of this Contract)
  6. Invoice Amount (the amount invoiced shall not exceed the established fixed price for each subproject, including any Contract Amendments under paragraph 5)
  7. Less retention %
  8. Total Due to Contractor
- Progress payments schedule – invoices may be submitted once a month in arrears of services rendered and accepted by County. The hourly rate specified shall be proportionately prorated if more or less than one hour of service is provided.

Retention – A ten percent (10%) retention shall be withheld from each invoice by the Contractor. The Contractor shall submit a separate invoice for the retained amount in accordance with the following schedule:

Release of the ten percent (10%) retention shall be authorized as follows:

1. Retention relative to:  
 Deliverable 1 (Subproject A, B, C, N, P, and V combined)  
  
 shall be released thirty (30) days following submission by the Contractor of the signed report on the examination of the Annual Comprehensive Financial Report
2. Retention relative to:  
 Deliverable 2 (Subproject D: Single Audit Reports)  
  
 shall be released thirty (30) days following delivery by the Contractor of the final Single Audit Reports and acceptance of same by the County.
3. Retention relative to:  
 Deliverable 3 (Subproject F: Management Letter)  
  
 shall be released thirty (30) days following delivery by the Contractor of the final Management Letter and acceptance of same by the County.
4. Retention relative to:  
 Deliverable 4 (Subproject G: Audit of John Wayne Airport, Orange County)  
 Deliverable 5 (Subproject H: Audit of John Wayne Airport Passenger Facility Charge (PFC) Revenue)  
 Deliverable 6 (Subproject I: Audit of the OC Waste & Recycling Department)  
 Deliverable 7 (Subproject J: Audit of the OCDA Redevelopment Successor Agency)  
  
 shall be released thirty (30) days following the County's acceptance of each final audit report.
5. Retention relative to:  
  
 Deliverable 8 (Subproject E: Agreed-Upon Procedures for Attestation of Section 8 Cluster to HUD)  
 Deliverable 9 (Subproject K: Agreed-Upon Procedures of Tobacco Settlement Revenue (TSR) Fund)  
 Deliverable 10 & 11 (Subproject L and M combined: Agreed-Upon Procedures for Appropriations Limit Calculation for Orange County Flood Control District and Orange County)  
 Deliverable 12 (Subproject N: Subsequent Events Review for CalOptima and County's Basic Financial Statements)  
 Deliverable 13 (Subproject R: Consent Review)  
  
 shall be released thirty (30) days following delivery by the Contractor of the final agreed-upon procedures letter and acceptance of same by the County.
6. Retention relative to:

## Deliverable 14 (Subproject V: Unusual Discoveries/Extra Services)

shall be released thirty (30) days following delivery by the Contractor pursuant to the request for Extra Services.

8. **Changes/Extra Work/Amendments:** There shall be no changes to this agreement without the County's written consent. In the event that there are new or unforeseen requirements, the County with the Contractor's concurrence has the discretion to request official changes at any time without changing the intent of this agreement.

If County-initiated changes or changes in laws or government regulations affect price, the Contractor's ability to deliver services, or the project schedule, the Contractor shall give the County written notice no later than seven calendar days from the date the law or regulation went into effect or the date the change was proposed by the County and the Contractor was notified of the change. Such changes shall be agreed to in writing and incorporated into a Contract amendment. Said amendment shall be issued by the County-assigned buyer, shall require the mutual consent of both Parties, and may be subject to approval by the County Board of Supervisors. Nothing herein shall prohibit the Contractor from proceeding with the work as set forth in this Contract.

The Purchasing Agent is authorized to increase the fixed price for each of the fiscal years ending June 30, 2023, 2024, and 2025 by ten percent (10%). The Contractor may request a proposed increase in the established maximum price that is ten percent (10%) or less of the fixed price, and if approved in writing, the Purchasing Agent shall prepare a Contract Amendment to provide payment for this increase to the Contract.

If the Contractor requests a proposed increase in the established fixed price which is greater than ten percent (10%), such an increase will also be incorporated into a Contract Amendment before becoming effective. Said Amendment shall be issued by the Purchasing Agent and may be subject to approval by the County Board of Supervisors.

Nothing herein shall prohibit Contractor from proceeding with the work set forth in Attachment A – Scope of Work.

All extra services are by mutual consent of the Parties and may be subject to the approval of the County Board of Supervisors. The costs for extra services shall be at the same rates used to calculate the costs of services for the Contract.

9. **Conflict of Interest – Contractors Personnel:** The Contractor shall exercise reasonable care and diligence to prevent any actions or conditions that could result in a conflict with the best interests of the County. This obligation shall apply to the Contractor; the Contractor's employees, agents, and relatives; subcontractors; and third parties associated with accomplishing work and services hereunder. The Contractor's efforts shall include, but not be limited to establishing precautions to prevent its employees or agents from making, receiving, providing or offering gifts, entertainment, payments, loans or other considerations which could be deemed to appear to influence individuals to act contrary to the best interests of the County.
10. **Conflict of Interest – County Personnel:** The County of Orange Board of Supervisors policy prohibits its employees from engaging in activities involving a conflict of interest. The Contractor shall not, during the period of this Contract, employ any County employee for any purpose.

11. **County's Project Manager:** The County shall appoint a project manager to act as liaison between the County and the Contractor during the term of this contract. The County's Project Manager shall coordinate the activities of the County staff assigned to work with the Contractor.

The County's Project Manager shall have the right to request the removal and replacement of the Contractor Project Manager and Key Personnel. The County's Project Manager shall notify the Contractor in writing of such action. The Contractor shall accomplish the removal within 14 calendar days after written notice by the County's Project Manager. The County's Project Manager shall review and approve the appointment of the replacement for the Contractor's Project Manager and Key Personnel. Said approval shall not be unreasonably withheld. In the event that the County and Contractor cannot agree as to the substitution of key personnel, County shall be entitled to terminate this Contract.

12. **Project Schedule:** The services performed under this Contract shall be done in accordance with the approved project schedule incorporated herein which may be revised at the option of the County with the Contractor's concurrence. The Contractor shall be responsible for schedule adherence as outlined in **Attachment D – Project Plan/Timeline**.
13. **Contractor Work Hours and Safety Standards:** The Contractor shall ensure compliance with all safety and hourly requirements for employees in accordance with federal, state and County safety regulations and laws.
14. **Contractor Bankruptcy/Insolvency:** If the Contractor should be adjudged bankrupt or should have a general assignment for the benefit of its creditors or if a receiver should be appointed on account of the Contractor's insolvency, the County may terminate this Contract.
15. **News/Information Release:** The Contractor agrees that it will not issue any news releases in connection with either the award of this Contract or any subsequent amendment of or effort under this agreement without first obtaining review and written approval of said news releases from the County through the County's Project Manager.
16. **Publication:** No copies of sketches, schedules, written documents, computer-based data, photographs, maps or graphs, including graphic art work, resulting from performance or prepared in connection with this Contract, are to be released by Contractor and/or anyone acting under the supervision of Contractor to any person, partnership, company, corporation, or agency, without prior written approval by the County, except as necessary for the performance of the services of this Contract. All press releases, including graphic display information to be published in newspaper, magazines, etc., are to be administered only by the County unless otherwise agreed to by both Parties.
17. **Contingent Fees:** The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees of the Contractor or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

For breach or violation of this warranty, the County shall have the right to terminate this contract in accordance with the termination clause and at its sole discretion to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee from the Contractor.

18. **Disputes – Contract:** The Parties shall deal in good faith and attempt to resolve potential disputes informally. If the dispute concerning a question of fact arising under the terms of this Contract is not disposed of in a reasonable period of time by the Contractor's Project Manager and the County's

Project Manager, such matter shall be brought to the attention of the County Purchasing Agent by way of the following process:

- a. The Contractor shall submit to the office/department assigned DPA a written demand for a final decision regarding the disposition of any dispute between the Parties arising under, related to, or involving this Contract, unless the County, on its own initiative, has already rendered such a final decision.
  - b. The Contractor's written demand shall be fully supported by factual information, and, if such demand involves a cost adjustment to the Contract, the Contractor shall include with the demand a written statement signed by a senior official indicating that the demand is made in good faith, that the supporting data are accurate and complete, and that the amount requested accurately reflects the Contract adjustment for which the Contractor believes the County is liable.
  - c. Pending the final resolution of any dispute arising under, related to, or involving this Contract, the Contractor agrees to diligently proceed with the provision of services under this Contract. The Contractor's failure to diligently proceed shall be considered a material breach of this Contract.
  - d. Any final decision of the County shall be expressly identified as such, shall be in writing, and shall be signed by the County Purchasing Agent or his designee. If the County fails to render a decision within ninety (90) days after receipt of the Contractor's demand, it shall be deemed a final decision adverse to the Contractor's contentions. Nothing in this section shall be construed as affecting the County's right to terminate the Contract for Cause or Terminate for Convenience as stated in Section K herein.
19. **Errors and Omissions:** All reports, files and other documents prepared and submitted by Contractor shall be complete and shall be carefully checked by the professional(s) identified by Contractor as Contractor's Project Manager and Key Personnel attached hereto, prior to submission to the County. Contractor agrees that County review is discretionary and Contractor shall not assume that the County will discover errors and/or omissions. If the County discovers any errors or omissions prior to approving Contractor's reports, files and other written documents, the reports, files or documents will be returned to Contractor for correction. Shall the County or others discover errors or omissions in the reports, files or other written documents submitted by Contractor after County approval thereof, County approval of Contractor's reports, files or documents shall not be used as a defense by Contractor in any action between the County and Contractor, and the reports, files or documents will be returned to Contractor for correction.
20. **Gratuities:** The Contractor warrants that no gratuities, in the form of entertainment, gifts or otherwise, were offered or given by the Contractor or any agent or representative of the Contractor to any officer or employee of the County with a view toward securing the Contract or securing favorable treatment with respect to any determinations concerning the performance of the Contract. For breach or violation of this warranty, the County shall have the right to terminate the Contract, either in whole or in part, and any loss or damage sustained by the County in procuring on the open market any services which the Contractor agreed to supply shall be borne and paid for by the Contractor. The rights and remedies of the County provided in the clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under the Contract.
21. **Notices:** Any and all notices, requests demands and other communications contemplated, called for, permitted, or required to be given hereunder shall be in writing, except through the course of the Parties' project managers' routine exchange of information and cooperation during the terms of the work and services. Any written communications shall be deemed to have been duly given upon actual in-person delivery, if delivery is by direct hand, or upon delivery on the actual day of receipt or no

greater than four calendar days after being mailed by US certified or registered mail, return receipt requested, postage prepaid, whichever occurs first. The date of mailing shall count as the first day. All communications shall be addressed to the appropriate Party at the address stated herein or such other address as the Parties hereto may designate by written notice from time to time in the manner aforesaid.

For Contractor: Eide Bailly LLP  
Attn: Kinnaly Soukhaseum  
10681 Foothill Blvd., Ste. 300  
Rancho Cucamonga, CA 91730  
E-mail: [soukhaseum@eidebailly.com](mailto:soukhaseum@eidebailly.com)

For County Project Manager: Orange County  
Auditor-Controller  
Attn: Bertalicia Tapia  
1770 N. Broadway  
Santa Ana, CA 92706  
E-mail: [Bertalicia.Tapia@ac.ocgov.com](mailto:Bertalicia.Tapia@ac.ocgov.com)

CC: Procurement: Orange County  
Auditor-Controller  
Attn: Lorena Bogarin  
1770 N. Broadway  
Santa Ana, CA 92706  
E-mail: [Lorena.Bogarin@ac.ocgov.com](mailto:Lorena.Bogarin@ac.ocgov.com)

22. **Ownership of Documents:** The County has permanent ownership of all directly connected and derivative materials produced under this contract by the Contractor specifically for County and that are required to be delivered by Contractor to the County under this Agreement. All such deliverables furnished hereunder shall become and remain the sole property of the County and may be used by the County as it may require without additional cost to the County. None of the deliverables shall be used by the Contractor without the express written consent of the County. The ownership provision previously noted does not apply to audit documentation and/or audit working papers prepared by the Contractor. Contractor will adopt reasonable procedures to maintain the confidentiality of audit documentation and/or audit working papers. Copies of the audit documentation and/or audit working papers may be made available to the County provided such disclosure does not undermine the independence or the validity of the audit process.
23. **Contractor's Records:** The Contractor shall keep true and accurate accounts, records, books and data which shall correctly reflect the business transacted by the Contractor in accordance with generally accepted accounting principles. These records shall be stored in Orange County for a period of three years after final payment is received from the County. Storage of records in another County will require written approval from the County of Orange assigned buyer.
24. **Precedence:** The Contract documents consist of this Contract and its attachments and exhibits. In the event of a conflict between or among the Contract documents, the order of precedence shall be the provisions of the main body of this Contract, i.e., those provisions set forth in the Articles and Additional Terms and Conditions of this Contract, and then the exhibits and attachments.
25. **Reports and Meetings:** The Contractor shall develop reports and any other relevant documents necessary to complete the services and requirements as set forth in this contract. The County's Project Manager and the Contractor's Project Manager will meet on reasonable notice to discuss the Contractor's performance and progress under this contract. If requested, the Contractor's Project

Manager and other project personnel shall attend all meetings. The Contractor shall provide such information that is requested by the County for the purpose of monitoring progress under this contract.

26. **Disputed Amounts:** The County may withhold payment of fees or any other charges otherwise due to Contractor under this Contract to the extent that the County disputes such charges in good faith. In such case, the County shall provide to Contractor a reasonably detailed written explanation of the basis for the dispute and shall continue to make payments of undisputed amounts as otherwise provided in this Contract. If any disputed amounts are later determined to have been improperly withheld (i.e., properly charged by Contractor), then the County shall be obligated to pay the withheld amount in accordance with this Contract, until paid in full. If any paid amounts are later disputed by the County and determined to have been improperly paid (i.e., improperly charged by Contractor), then Contractor shall promptly pay the County, in cash, the improperly paid amount. The failure of the County to withhold payment shall not waive any other rights the County may have with respect to disputed amounts or overpayments. Except as otherwise provided herein, any dispute relating to amounts owed by a Party hereunder, shall be considered a disagreement.
27. **Termination – Orderly:** After receipt of a termination notice from the County, the Contractor shall submit to the County a termination claim, if applicable. Such claim shall be submitted promptly, but in no event later than thirty (30) days from the effective date of the termination, unless one or more extensions in writing are granted by the County upon written request of the Contractor. Upon termination, County agrees to pay the Contractor for all services performed prior to termination which meet the requirements of the Contract, provided, however, that such compensation plus previously paid compensation shall not exceed the total compensation set forth in the Contract. Upon termination or other expiration of this Contract, each Party shall promptly return to the other Party all papers, materials, and other properties of the other held by each for purposes of execution of the Contract. In addition, each Party will assist the other Party in orderly termination of this Contract and the transfer of all aspects, tangible and intangible, as may be necessary for the orderly, non-disruptive business continuation of each Party.
28. **Termination – Default:** If Contractor is in default of any of its obligations under this Contract and has not commenced cure within ten days after receipt of a written notice of default from County and cured such default within the time specified in the notice, the County shall immediately be entitled to either commence resolution in accordance with this paragraph or to terminate this Contract by giving written notice to take effect immediately. Default shall include failure to carry out any of the requirements of this Contract, including, but not limited to not providing enough properly skilled workers or proper materials, persistently disregarding laws and or ordinances, not proceeding with the work as agreed to herein, or otherwise substantially violating any provision of this Contract. Upon termination of the Contract with Contractor, the County may begin negotiations with a third-party Contractor to provide goods and/or services as specified in this Contract.

The right of either party to terminate this Contract hereunder shall not be affected in any way by its waiver of or failure to take action with respect to any previous default.

29. **Termination – Convenience of the County:** The County may terminate performance of work under this Contract for its convenience in whole, or, from time to time, in part if the user office/department determines that a termination is in the County's interest. The office/department assigned buyer shall terminate the Contract by delivering to the Contractor a written notice of termination specifying the extent of the termination and the effective date thereof. The Parties agree that, as to the terminated portion of the Contract, the Contract shall be deemed to remain in effect until such time as the termination settlement, if any, is concluded and the Contract shall not be void.

After receipt of a notice of termination and, except as directed by the assigned buyer, the Contractor shall immediately proceed with the following obligations, as applicable, regardless of any delay in determining or adjusting any amounts due under this clause. The Contractor shall:

1. Stop work as specified in the notice of termination;
2. Place no further subcontracts or orders for materials, services, or facilities, except as necessary to complete the continued portion of the Contract;
3. Terminate all orders and subcontracts to the extent they relate to the work terminated;
4. Settle all outstanding liabilities and termination settlement Proposals arising from the termination of any subcontracts, the approval or ratification of which will be final for purposes of this clause;
5. As directed by the assigned buyer transfer title and deliver to the County (a) fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced or acquired for the work terminated, and (b) completed or partially completed plans, drawings, information, and other property that, if the Contract had been completed, would be required to be furnished to the County;
6. Complete performance of the work not terminated; and
7. Take any action that may be necessary or as the County may direct for the protection and preservation of the property related to this Contract that is in the possession of the Contractor and in which the County has or may acquire an interest and to mitigate any potential damages or requests for Contract adjustment or termination settlement to the maximum practical extent.

At the completion of the Contractor's termination efforts, the Contractor may submit to the assigned buyer a list indicating quantity and quality of termination inventory not previously disposed of and request instructions for disposition of the residual termination inventory.

After termination the Contractor shall submit a final termination settlement Proposal to the user office/department in a format acceptable to the County. The Contractor shall submit the Proposal promptly, but no later than 60 days from the effective date of the termination, unless extended in writing by the County upon written request of the Contractor within the 60-day period. However, if the office/department determines that the facts justify it, a termination settlement Proposal may be received and acted on after the expiration of the filing period or any extension.

The Contractor and the County may agree upon the whole or any part of the amount to be paid because of the termination. The amount may include a reasonable allowance for profit on work done, including a reasonable amount for accounting, legal, clerical and other expenses reasonably necessary for the preparation of termination settlement Proposals and supporting data, and storage, transportation and other costs incurred, reasonably necessary for the preservation, protection, or disposition of the termination inventory. However, the agreed amount may not exceed the total Contract price as reduced by (a) the amount of payment previously made and (b) the Contract price of work not terminated. The Contract shall be amended and the Contractor paid the agreed amount.

If the Contractor and the County fail to agree on the whole amount to be paid because of the termination of work, the County shall pay the Contractor the amounts determined by the County as follows, but without duplication of any amounts agreed on as set forth above:

1. The Contract price for completed supplies or services accepted by the County (or sold or acquired) not previously paid for, adjusted for any savings of freight and other charges; and

2. Except for normal spoiling and except to the extent that the County expressly assumes the risk of loss, the County shall exclude from the amounts payable to the Contractor the fair value, as determined by the office/department, of property that is destroyed, lost, stolen, or damaged so as to become undeliverable to the County.

The Contractor shall use generally accepted accounting principles and sound business practices in determining all costs claimed, agreed to, or determined under this clause. Such costs shall be allocable to the terminated Contract or portion thereof, allowable under applicable laws, regulations, generally accepted accounting principles and good business judgment and objectively reasonable.

The Contractor shall have the right to appeal, under the County's protest procedure, any determination made by the County, except that if the Contractor failed to submit the termination settlement Proposal within the time provided and failed to request a time extension, there is no right of appeal.

In arriving at the amount due the Contractor under this clause, there shall be deducted:

1. All payment to the Contractor under the terminated portion of this Contract;
2. Any claim which the County has against the Contractor under this or any other Contract; and
3. The agreed price for or proceeds of sale of materials, supplies, or other things acquired by the Contractor or sold under the provisions of this clause and not recovered by or credited to the County.

If the termination is partial, the Contractor may file a Proposal with the office/department for an equitable adjustment of the price(s) of the continued portion of the Contract. The office/department shall make any equitable adjustment agreed upon. Any Proposal by the Contractor for an equitable adjustment under this clause shall be requested within 30 days from the effective date of termination unless extended in writing by the office/department.

The County may:

1. Under the terms and conditions it prescribes, make partial payment and payments against costs incurred by the Contractor for their terminated portion of the Contract, if the County believes that the total of these payments will not exceed the amount to which the contractor will be entitled; and
2. If the total payments exceed the amount finally determined to be due, the Contractor shall repay the excess to the County upon demand.

In determining the amount payable to the Contractor and notwithstanding any other provision, if it appears that the Contractor would have sustained a loss on the entire Contract had it been completed, the County shall allow no profit and shall reduce the settlement to reflect the indicated rate of loss.

Unless otherwise provided in this Contract or by statute, the Contractor shall maintain all records and documents relating to the terminated portion of this Contract for three years after final settlement. This includes all books and other evidence bearing on the Contractor's costs and expenses under this Contract. The Contractor shall make these records and documents available to the County, at the Contractor's office, at all reasonable times, without any direct charge. If approved by the County, photographs, microphotographs, electronic storage, or other authentic reproductions may be maintained instead of original records and documents.

30. **Delays:****Excuse**

If the County or the Contractor is delayed in performance of their respective obligations hereunder and such delay is caused by an act of God, civil disturbance, labor dispute, or other causes beyond respective Party's reasonable control, such delay shall be excused, and the period of such delay, or a portion thereof, shall be added to the time for performance of the obligation delayed.

**Obligations**

In the event of any such delay due to the foregoing causes or events occur or are anticipated, the Party delayed or anticipating delay shall promptly notify the other Party in writing of such delay or anticipated delay and the cause and estimated duration of such delay. In the event of a delay due to the foregoing causes or events, whether such delay is excused or not, the Party delayed shall exercise due diligence to shorten and avoid the delay and shall keep the other Party advised as to the continuance of the delay and steps taken to shorten or terminate delay and the associated costs.

31. **Conflict with Existing Law:** The Contractor and the County agree that if any provision of this Contract is found to be illegal or unenforceable, such term or provision shall be deemed stricken and the remainder of the Contract shall remain in full force and effect. Either party having knowledge of such term or provisions shall promptly inform the other of the presumed non-applicability of such provision. Should the offending provision go to the heart of the Contract, the Contract shall be terminated in a manner commensurate with interests of both parties to the maximum extent reasonable.
32. **Breach of Contract:** The failure of the Contractor to comply with any of the provisions, covenants or conditions of this Contract shall be a material breach of this Contract. In such event the County may, and in addition to any other remedies available at law, in equity, or otherwise specified in this Contract:
1. Afford the Contractor written notice of the breach and ten calendar days or such shorter time that may be specified in this Contract within which to cure the breach;
  2. Discontinue payment to the contractor for and during the period in which the Contractor is in breach; and
  3. Offset against any monies billed by the Contractor but yet unpaid by the County those monies disallowed pursuant to the above.
33. **Conditions Affecting Work:** The Contractor shall be responsible for taking all steps reasonably necessary to ascertain the nature and location of the work to be performed under this Contract and to know the general conditions which can affect the work or the cost thereof. Any failure by the Contractor to do so will not relieve Contractor from responsibility for successfully performing the work without additional cost to the County. The County assumes no responsibility for any understanding or representations concerning the nature, location(s) or general conditions made by any of its officers or agents prior to the execution of this Contract, unless such understanding or representations by the County are expressly stated in the Contract.
34. **Parking:** The County of Orange will not provide free parking for any service in the County Civic Center.


35. **Cooperative Contract:** The provisions and pricing of this Contract will be extended to other California local or state governmental entities. Governmental entities wishing to use this Contract will be responsible for issuing their own purchase documents/price agreements, providing for their own acceptance, and making any subsequent payments. Contractor shall be required to include in any Contract entered into with another agency or entity that is entered into as an extension of this Contract a Contract clause that will hold harmless the County of Orange from all claims, demands, actions or causes of actions of every kind resulting directly or indirectly, arising out of, or in any way connected with the use of this contract. Failure to do so will be considered a material breach of this Contract and grounds for immediate Contract termination. The cooperative entities are responsible for obtaining all certificates of insurance and bonds required. The Contractor is responsible for providing each cooperative entity a copy of the Contract upon request by the cooperative entity. The County of Orange makes no guarantee of usage by other users of this Contract.

[ Signature page follows ]

Signature Page

The Parties hereto have executed this Contract on the dates shown opposite their respective signatures below

**CONTRACTOR: EIDE BAILLY LLP**

  
Signature

December 29, 2022  
Date

Kinnaly Soukhaseum  
Print Name

Partner  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

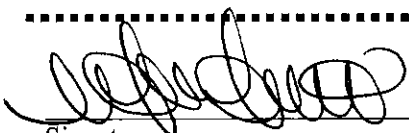
\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

**If the contracting Party is a corporation, (2) two signatures are required as further set forth in this paragraph.**

The first signature shall be: (a) the Chairman of the Board; (b) the President; or (c) any Vice President. The second signature shall be: (a) the Secretary; or (b) any Assistant Secretary; or (c) the Chief Financial Officer; or d) any Assistant Treasurer.

**COUNTY OF ORANGE**  
**A political subdivision of the State of California**

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Signature

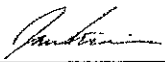
4-4-23  
Date

Maribel Garcia  
Print Name

Procurement Manager  
Title

Approved by Board of Supervisors on: 3-28-23

**Approved as to form**  
**Office of the County Counsel**  
**Orange County, California**

By  Date 1/3/2023  
Deputy County Counsel

**ATTACHMENT A  
SCOPE OF WORK**

**I. PROJECT DEFINITION**

The Contractor shall be a qualified, licensed certified public accounting firm able to perform Independent Auditing and Related Services for the County of Orange for the **fiscal years ending June 30 of 2023, 2024, and 2025**. Sub-projects, which collectively comprise the project are identified and described in further details in Section II, Items A through V below.

**II. Contractor's DUTIES AND RESPONSIBILITIES**

The Contractor is responsible for the following sub-projects:

**A. Annual Comprehensive Financial Report (ACFR)**

1. The Contractor shall:

- a. Conduct an examination of the County's financial statements, in accordance with generally accepted auditing standards, for the **fiscal years ending June 30, 2023, 2024, and 2025**.
- b. Prepare and submit to the County, for publication within the County's ACFR, a report on the examination of its financial statements, including an accountants' report expressed on the fairness of the presentation of its basic financial statements, in accordance with Generally Accepted Accounting Principles (GAAP), and an "in relation to" accountants' report on its supplemental financial information.

This report shall be addressed to:

County of Orange  
Board of Supervisors  
County Administration North  
400 W. Civic Center Dr.  
Santa Ana CA 92701

- c. Confer with, and provide assistance and direction to, appropriate County personnel for the purpose of filing for and obtaining a "Certificate of Achievement for Excellence in Financial Reporting" from the Government Finance Officers Association (GFOA).
2. The examination of the financial statements shall be of the financial type described in the most current edition of the AICPA Audit and Accounting Guide, "Audits of State and Local Governments;" the most current edition of the U. S. Government Accountability Office (GAO) "Government Auditing Standards" (The Yellow Book); and the most current GASB Statements, GASB Technical Bulletins, GASB Implementation Guides and AICPA literature cleared by the GASB, as adopted by GASB Statement No. 76 and shall be conducted in accordance with generally accepted auditing standards (GAAS) and generally accepted government auditing standards (GAGAS) for the FY 2022-23 and subsequent years.
  3. As of fiscal year ending June 30, 2021, the County general ledger contained 517 funds. For reporting purposes, these funds may be consolidated into major funds or fund classes as described below:
    - a. Major Governmental Funds
      - (1) General Fund

- General Fund - 2 funds
- (2) Special Revenue Funds
  - Mental Health Services Act - 1 fund
  - Flood Control District - 3 funds
  - Other Public Protection – 34 funds
- b. Other Governmental Funds
  - (1) Special Revenue - 51 funds
  - (2) Debt Service - 6 funds
  - (3) Capital Project - 6 funds
  - (4) Permanent - 1 fund
- c. Enterprise Funds
  - (1) Airport (Major) - 4 funds
  - (2) Waste Management (Major) - 12 funds
  - (3) Compressed Natural Gas (Non-major)- 1 fund
- d. Internal Service Funds - 11 funds
- e. Fiduciary Funds
  - (1) Private Purpose Trust - 7 funds (3 funds were added in FY 2011-12 to account for the OCDA Redevelopment Successor Agency)
  - (2) Investment Trust - 201 funds
  - (3) Pension Trust & Other Employee Benefits - 6 funds
  - (4) Custodial - 170 funds
- f. Discrete Component Unit Fund - 2 funds (CalOptima is not maintained in the general ledger but discretely presented in the County's ACFR.)
- g. Fiduciary Component Unit Fund - 4 funds (OCERS is not maintained in the general ledger but presented in the County's ACFR.)

The County retains the right to make additions and/or deletions to the funds listed above. Any such determination regarding inclusion or exclusion of a fund, or of a fund category, which may be necessary during the conduct of the examination, shall be made by the County Auditor-Controller. The County's intention regarding the funds and fund categories referenced above is to comply with existing Generally Accepted Accounting Principles (GAAP), to include all applicable GASB pronouncements.

Certain funds and account groups may be audited by other independent accounting firms in addition to the Contractor.

4. The Manager of the Financial Reporting and Mandated Cost Unit, the Auditor-Controller Department, will serve as the Project Manager and will coordinate all activities necessary for the completion of the ACFR.

The Manager of the Financial Reporting Unit and Mandated Cost Unit, the Auditor-Controller Department, shall be apprised of and shall approve potential audit adjusting entries, and maintain and make available County general accounting records necessary for conducting the ACFR sub-project.

5. To enable the County to file its ACFR with the GFOA, the Contractor shall note the following plan and strictly adhere to these performance deadlines:

- a. From Contract Award Date to July 31, 2023 - The Contractor shall complete as much interim audit fieldwork as possible during this period, to minimize the need for County support and assistance and reduce the likelihood of unforeseen difficulties arising during the financial statement compilation and adjustment period, which is scheduled to begin on or about August 1.
  - b. August 3, 2023 - The County's "budgetary" accounts (estimated revenues, appropriations and encumbrances) are scheduled to be closed for FY 2022-2023 on or about this date. Reports expressing chart of accounts coding for all funds, along with Working Trial Balances, expressed in in terms of financial reporting classifications for each fund, will be available on or about this date.
  - c. August 17, 2023 - The County's general accounting records are scheduled to be closed for FY 2022-2023 on or about this date. Preliminary GAAP adjustments will be reported in Working Trial Balances for all fund types, expressed in in terms of financial reporting classifications for each fund will be available through the County's Data Warehouse on or about this date.
  - d. August 24, 2023 - The County provides draft Budgetary Statements/Schedules to external audit firm for audit on or about this date.
  - e. August 17 – October 8, 2023 – On or about these dates, the Contractor shall conduct fund level auditing procedures that will enable them to propose all FY 2022-2023 audit reclassifying and adjusting entries to the County's fund level basic financial statements.  
  
Fluctuation analysis conducted by the Contractor shall be completed during this period. All reclassifying and adjusting entries which the Contractor proposes for the ACFR fund level financial statements as a result of auditing drafts of the ACFR, and auditing the separate financial statements for the component units (referred to as Subprojects G, H, I and J within this Scope of Work), shall be submitted to the County during this time interval as well.
  - f. November 16, 2023 - The County plans to complete a comprehensive draft of the ACFR and submit it to the Contractor for review on or about this date.
  - g. December 3, 2023 – External Audit Firm provides management representation letter to County for signatures on or about this date.
  - h. November 16 - December 13, 2023 - The Contractor shall analyze the entire ACFR, and recommend any revisions deemed necessary to the County, on or about these dates. The Contractor shall perform both partner-level and manager-level reviews of the ACFR for compliance with the most recent GFOA Special Review Committee Checklist as part of this analysis.
  - i. December 17, 2023 - The Contractor shall sign and submit the report on the examination of the County's FY 202-2023 financial statements to the Auditor-Controller on or about this date, as this is when the County plans to deliver the original copy of its ACFR to the printer.
6. The County intends to file its FY 2022-2023 ACFR with the GFOA with the intent of receiving a "Certificate of Achievement for Excellence in Financial Reporting."

The Contractor shall therefore provide guidance to the County Auditor-Controller regarding the County's participation in the Certificate Program, including guidance concerning financial reporting formats consistent with GFOA's "Governmental Accounting, Auditing and Financial Reporting"

text, as amended, and concerning the implementation of statements, interpretations and technical bulletins issued by the Governmental Accounting Standards Board.

The Contractor shall keep the Auditor-Controller apprised of changes in the GFOA Certificate Program's Special Review Committee Checklist. It is desirable that at least one audit manager or partner with responsibility for examination of the County's financial statements, who is also a member of the GFOA Certificate Program's Special Review Committee, be accessible to the Auditor-Controller for this purpose.

7. The County intends to file its Fiscal Years 2023-2024 and 2024-2025 ACFR with the GFOA as well; therefore, the Contractor shall strictly adhere to the performance deadlines established by the County Project Manager. The performance deadlines for Fiscal Years 2023-2024 and 2024-2025 will approximate the same annual schedule as set forth herein for FY 2022-2023.

#### **B. Audit of Investment Trust Funds**

1. For each fiscal year being audited, the Contractor shall perform an audit of the County's Investment Trust Funds financial statements prepared in accordance with current GAAP, including GASB Statements No. 3, 31, 40, 72, 79. The Investment Trust Funds financial statements will be reported in the ACFR.
2. The Contractor shall submit separate invoices for fees associated with auditing the Investment Trust Financial Statements.
3. The Contractor shall strictly adhere to the performance deadlines as detailed in Section A.5 of this Scope of Work for this sub-project.

#### **C. Audit of Pension and Other Postemployment Benefit Trust Fund**

1. For each fiscal year being audited, the Contractor shall perform an audit of the County's Pension and Other Postemployment Benefits (OPEB) Trust Fund financial statements prepared in accordance with current GAAP, including GASB Statements No. 43, 68, 74, and 75. The Pension and OPEB Trust Fund financial statements will be reported in the ACFR.
2. The Contractor shall submit separate invoices for fees associated with auditing the Pension and OPEB Trust Financial Statements.
3. The Contractor shall strictly adhere to the performance deadlines as detailed in Section A.5 of this Scope of Work for this sub-project.

#### **D. Single Audit Reports**

1. The Contractor shall supply a multiple-part auditor's report on the County's compliance with requirements of all Federally-funded programs for which it received funding, in accordance with the Single Audit Act Amendments of 1996, the Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the most recent edition of the GAO's "Government Auditing Standards" and the most recent edition of the AICPA Audit and Accounting Guide, "Audits of State and Local Governments" for the FY 2022-23 and subsequent years. Any planning efforts, including risk assessment to determine which of the County's Federal programs are "major" programs, and specific format and report requirements, shall be coordinated with the OMB and the Federal cognizant agency as necessary. The Department of Housing and Urban Development (HUD) has been designated as the cognizant agency for audit responsibilities for the County of Orange.

This auditor's report shall refer to a separate report on the County's financial statements which shall be published in the ACFR.

The auditor's report shall include:

- a. An opinion as to whether the County's basic financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles and an opinion as to whether the schedule of expenditures of Federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole.
- b. A report on internal control related to the financial statements and major programs. This report shall describe the scope of testing of internal control and the results of the tests and, where applicable, refer to the separate schedule of findings and questioned costs.
- c. A report on compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements. This report shall also include an opinion as to whether the auditee complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program, and, where applicable, refer to the separate schedule of findings and questioned costs.
- d. A schedule of findings and questioned costs, if applicable.

The Contractor shall perform any service warranty work required by the County's cognizant agency to meet minimum Single Audit standards, even if such work is found to be needed after the Contractor has received complete payment for services in the performance of this Contract.

Service warranty work in this case shall mean any work that is required by any laws, regulations and statutes and discovered or found deficient by the County or the State as having been submitted by the Contractor in a form or content not in compliance with said laws, regulations, and statutes.

However, if the County had information needed to enable the Contractor to audit the County's federal programs to meet minimum Single Audit standards at the time the audit was performed, and had failed to provide such information to the Contractor, the Contractor is allowed to seek additional compensation from the County to correct this type of deficiency.

2. The County shall compile a "Schedule of Expenditures of Federal Awards" for the Contractor's use in this sub-project and for inclusion with the auditor's report.
3. The Manager of the Financial Reporting and Mandated Cost Unit, Auditor-Controller Department, will coordinate all County activities necessary for completion of the Single Audit Reports. Prior to the issuance of the final reports, the Contractor shall meet with the Financial Reporting and Mandated Cost Manager to discuss the results and recommendations.
4. The reports shall be addressed to:
 

Board of Supervisors  
County of Orange
5. Thirty hard copies and a PDF file of the reports for FY 2022-2023 shall be delivered to the Auditor-Controller on or before March 28, 2024. Distribution shall be made by the Auditor-Controller.

6. For Fiscal Years 2023-2024 and 2024-2025, the Single Audit Reports shall be completed and delivered to the Auditor-Controller on or before March 28 of the following fiscal year.

**E. Agreed-Upon Procedures for Attestation of Section 8 Cluster to HUD**

1. For each fiscal year being audited, the Contractor shall perform certain agreed-upon procedures, which the Orange County Housing Authority (OCHA) will specify, to perform an analysis of OCHA data, as of June 30 of the fiscal year. This procedure is solely to assist OCHA management in finding errors and irregularities in its data files. The sufficiency of the procedures is solely the responsibility of OCHA.
2. The Contractor shall furnish a report to the effect that they have performed the agreed-upon procedures in accordance with the standards established by the American Institute of Certified Public Accountants. The report shall list the procedures performed and any findings.
3. The OCHA data files for FY 2022-2023 will be available to the Contractor on or about January 1, 2024.
4. Five (5) hard copies and a PDF file of the agreed-upon procedure report for FY 2022-2023 shall be delivered to the Auditor-Controller no later than March 31, 2024.

The report shall be addressed to:

Orange County Housing Authority

5. For Fiscal Years 2023-2024 and 2024-2025, the Contractor shall strictly adhere to the performance deadlines for this sub-project to be established by the County Project Manager.

**F. Management Letter**

1. For each fiscal year being audited, the Contractor shall also, as promptly as possible, but in any event before January 31 of the following fiscal year, prepare and submit a separate management letter, in accordance with generally accepted governmental auditing standards (GAGAS), regarding any significant findings which come to its attention during the conduct of the examination, and its recommendations as to these findings, concerning but not limited to the following:
  - a. Improvements resulting from the survey of systems of internal control.
  - b. Improvements in accounting systems.
  - c. Noncompliance with laws, rules and regulations, if any.
  - d. Other material matters.
2. Prior to the issuance of the final management letter, the Contractor shall deliver a draft copy to the Manager of Financial Reporting and Mandated Cost Unit, Auditor-Controller Department, for review.
3. The Contractor shall submit the management letter by delivering the original and twenty-five hard copies and a PDF file thereof to the Auditor-Controller. The letter shall be addressed to:

Board of Supervisors  
County of Orange

4. The Contractor shall also promptly advise and make known to the Auditor-Controller its findings and recommendations for improvements in internal control, and in accounting practices, procedures, and compliance, so that County personnel may undertake appropriate actions at the earliest possible date.

**G. Audit of John Wayne Airport, Orange County**

1. For each fiscal year being audited, the Contractor shall supply an audit report on the examination of John Wayne Airport's accounting records, which meets requirements for an "...audit of the books and accounts pertaining to the Airport..." set forth in Section 706 of the Indenture of Trust executed in connection with Airport Revenue Bonds. The audit shall be of a financial type described in the most current edition of the AICPA Audit and Accounting Guide, "Audits of State and Local Governments"; the most current edition of the U. S. Government Accountability Office (GAO) "Government Auditing Standards" (Yellow Book); conducted in accordance with generally accepted auditing standards (GAAS) and generally accepted government auditing standards (GAGAS), as outlined in the most recent edition of the GAO's "Government Auditing Standards" for the FY 2022-23 and subsequent years.

The Contractor shall determine whether John Wayne Airport's financial statements present fairly its financial position and results of its financial operations in accordance with GAAP.

2. It is anticipated by the County that John Wayne Airport's financial statements for FY 2022-2023 will not be available to the Contractor before September 28, 2023.

The Manager of the Airport Accounting Section, Auditor-Controller Department, will maintain and make available County accounting records necessary for the examination of John Wayne Airport's accounting records. Before issuing the final report, the Contractor shall meet with the Airport Accounting Manager to discuss the report format, audit findings and recommendations.

3. The audit report shall be addressed to:

Board of Supervisors  
County of Orange

Twenty (20) hard copies and a PDF file of the audit reports for FY 2022-2023 shall be delivered to the Airport Accounting Manager no later than December 18, 2023. Distribution shall be made by the Airport Accounting Manager.

4. For Fiscal Years 2023-2024 and 2024-2025, the Contractor shall strictly adhere to the performance deadlines for this sub-project to be established by the County Project Manager. The audit report for these fiscal years shall be completed by mid-December 2024 and 2025.

**H. Audit of John Wayne Airport Passenger Facility Charge (PFC) Revenue**

1. The Contractor shall perform an audit of John Wayne Airport's (JWA) schedule of Passenger Facility Charge (PFC) revenue in accordance with 14 Code of Federal Regulations (CFR), Part 158, "Passenger Facility Charges" requirements. The Contractor will express an opinion of the fairness and reasonableness of JWA's procedures for receiving, holding, and using PFC revenue, including JWA's quarterly reporting requirements, as specified in CFR Section 158.6 (c).

The auditor shall also determine whether the financial statements of JWA pertaining to the PFC accounts are presented fairly in all material respects in conformity with generally accepted

- government auditing standards. The auditors shall determine whether the schedule of expenditures of PFC funds (including quarterly reports under CFR Section 158.63(a) is presented fairly in all material respects in relation to JWA's financial statements taken as a whole. The financial statements and schedule of expenditures of PFC shall be for the same fiscal year.
2. The audit shall be conducted in accordance with generally accepted auditing standards (GAAS) and generally accepted government auditing standards (GAGAS), as outlined in the most recent edition of the GAO's "Government Auditing Standards" and the most recent edition of the "Government Auditing Standards" and current guidance with the Passenger Facility Charge Audit Guide for Public Agencies, prepared by the Federal Aviation Administration Passenger Facility Charge Branch APP-530.
  3. It is anticipated by the County that JWA's data files for FY 2022-2023 will be available to the Contractor to begin the audit by September 28, 2023.
  4. The report shall be addressed to:
 

John Wayne Airport
  5. Twenty (20) hard copies and a PDF file of the Independent Auditor's Report for JWA Passenger Facility Charge (PFC) Revenue audit for FY 2022-2023 shall be delivered to the Airport Accounting Manager no later than December 18, 2023. Distribution shall be made by the Airport Accounting Manager.
  6. For Fiscal Years 2023-2024 and 2024-2025, the Contractor shall strictly adhere to the performance deadlines for this sub-project to be established by the Manager of the Airport Accounting Section, Auditor-Controller Department. The audit report for these fiscal years shall be completed by mid-December 2024 and 2025.

**I. Audit of the OC Waste & Recycling Department (OCWR)**

1. For each fiscal year being audited, the Contractor shall supply a special report on the examination of the County's OC Waste & Recycling Department (OCWR), which meets requirements for an "audit report" specified in Section 4.6, "Audited Financial Statements," of the Waste Disposal Agreement between the County of Orange and thirty-two (32) cities, four (4) Sanitary Districts, one (1) Joint Powers Authority and five (5) Facility Operators. The audit shall be of a financial type described in the most current edition of the AICPA Audit and Accounting Guide, "Audits of State and Local Governments;" the most current edition of the U. S. Government Accountability Office (GAO) "Government Auditing Standards" (Yellow Book); conducted in accordance with generally accepted auditing standards (GAAS) and generally accepted government auditing standards (GAGAS), as outlined in the most recent edition of the GAO's "Government Auditing Standards" for the FY 2022-23 and subsequent years.
2. The Contractor shall determine whether OCWR's financial statements present fairly its financial position and results of its financial operations in accordance with generally accepted accounting principles, and shall include statements in reasonable detail of the financial condition of the County's OC Waste Disposal Enterprise fund as of the end of the fiscal year being audited and revenue and expenses for the contract year being audited.
3. It is anticipated by the County that OCWR's financial statements for FY 2022-2023 will not be available to the Contractor before September 28, 2023.

The Manager of the OCWR Accounting Section, Auditor-Controller Department, will maintain and make available County accounting records necessary for examination of OCWR's accounting records. Before issuing the final report, the Contractor shall meet with the OCWR Accounting Manager to discuss the report format, audit findings and recommendations.

4. The audit report shall be addressed to:

Board of Supervisors  
County of Orange

5. Twenty (20) hard copies and a PDF file of the audit reports for FY 2022-2023 shall be delivered to the OCWR Accounting Manager no later than December 18, 2023. Distribution shall be made by the OCWR Accounting Manager.
6. For Fiscal Years 2023-2024 and 2024-2025, the Contractor shall strictly adhere to the performance deadlines for this sub-project to be established by the County Project Manager. The audit report for these fiscal years shall be completed by mid-December 2024 and mid-December 2025.

**J. Audit of the Orange County Development Agency (OCDA) Successor Agency**

1. For each fiscal year being audited, the Contractor shall conduct an examination of the OCDA Successor Agency, and issue an opinion on the fairness of the presentation of the financial statements of the OCDA Redevelopment Successor Agency, together with an opinion on compliance with applicable laws, regulations, and administrative requirements governing activities of the OCDA Redevelopment Successor Agency. The audit shall be of a financial type described in the most current edition of the AICPA Audit and Accounting Guide, "Audits of State and Local Governments"; the most current edition of the U. S. Government Accountability Office (GAO) "Government Auditing Standards" (Yellow Book); conducted in accordance with generally accepted auditing standards (GAAS) and generally accepted government auditing standards (GAGAS), as outlined in the most recent edition of the GAO's "Government Auditing Standards" for the FY 2022-23 and subsequent years.

The Contractor shall determine whether the OCDA Successor financial statements present fairly its financial position and results of its financial operations in accordance with GAAP.

2. It is anticipated by the County that the OCDA Successor Agency financial statements for FY 2022-2023 will not be available to the Contractor before September 28, 2023.

The Manager of the Orange County Community Resources Accounting Section and the Manager of the Public Finance Accounting Section, Auditor-Controller Department, will maintain and make available County accounting records necessary for examination of the OCDA Redevelopment Successor Agency. Before issuing the final report, the Contractor shall meet with one or both of these Managers to discuss the results and recommendations.

3. The audit report shall be addressed to:

Board of Supervisors  
County of Orange

4. Twenty-one (21) hard copies and a PDF file of the audit reports for FY 2022-2023 shall be delivered to the Auditor-Controller no later than December 18, 2023. Distribution shall be made by the Auditor-Controller.

5. For Fiscal Years 2023-2024 and 2024-2025, the Contractor shall strictly adhere to the performance deadlines for this sub-project to be established by the Manager of the Orange County Community Resources Accounting Section and the Manager of the Public Finance Accounting Section, Auditor-Controller Department. The audit report for these fiscal years shall be completed by mid-December 2024 and 2025.

**K. Agreed-Upon Procedures of Tobacco Settlement Revenue (TSR) Fund**

1. For each fiscal year audited, the Contractor shall perform certain Agreed-Upon Procedures to a sample of one hundred (100) transactions involving the TSR fund. This procedure is solely to assist management in determining if the County is in compliance with Article 14 of Division 4 to the Codified Ordinances of the County.

The Contractor shall furnish a report to the effect that they have performed the agreed-upon procedures in accordance with standards established by the American Institute of Certified Public Accountants.

2. It is anticipated by the County that the TSR Fund financial records for FY 2022-2023 will be available to the Contractor to begin the agreed-upon procedures by August 3, 2023.

The County Executive Office, the Health Care Agency and the Orange County Sheriff's Department will maintain and make available County financial records necessary for performing the agreed-upon procedures. Before issuing the final letter, the Contractor shall meet with representatives of the County departments stated above to discuss the results and recommendations.

3. The report shall be addressed to:

County Executive Officer, County of Orange

4. Ten (10) hard copies and a PDF file of the agreed-upon procedures report for FY 2022-2023 shall be delivered to the Auditor-Controller no later than November 28, 2023. Distribution shall be made by the Auditor-Controller.
5. For Fiscal Years 2023-2024 and 2024-2025, the Contractor shall strictly adhere to the performance deadlines for this sub-project to be established by the County Executive Office, the Health Care Agency and the Orange County Sheriff's Department. The agreed-upon procedures report for these fiscal years shall be completed by the end of November in 2024 and the end of November in 2025.

**L. Agreed-Upon Procedures for Appropriations Limit Calculation of Orange County Flood Control District**

1. For each fiscal year audited, the Contractor shall perform certain Agreed-Upon Procedures to the Appropriations Limit Calculation of the Orange County Flood Control District. This procedure is solely to assist the District in meeting requirements of Section 1.5 of Article XIII-B of the California Constitution.
2. The Contractor shall furnish a report to the effect that they have performed the agreed-upon procedures in accordance with standards established by the American Institute of Certified Public Accountants.
3. The audit report shall be addressed to:

Board of Supervisors

## County of Orange

4. Twenty (20) hard copies and a PDF file of the audit reports for FY 2022-2023 shall be delivered to the Auditor-Controller no later than September 14, 2023. Distribution shall be made by the Auditor-Controller.
5. For Fiscal Years 2023-2024 and 2024-2025, the Contractor shall strictly adhere to the performance deadlines for this sub-project to be established by the Manager of the General Accounting Section, Auditor-Controller Department. The audit report for these fiscal years shall be completed by mid-September 2024 and 2025.

**M. Agreed-Upon Procedures for Appropriations Limit Calculation for Orange County**

1. For each fiscal year audited, the Contractor shall perform certain Agreed-Upon Procedures to the Appropriations Limit Calculation of the County. This procedure is solely to assist the County in meeting requirements of Section 1.5 of Article XIII-B of the California Constitution.
2. The Contractor shall furnish a report to the effect that they have performed the agreed-upon procedures in accordance with standards established by the American Institute of Certified Public Accountants.

3. The audit report shall be addressed to:

Board of Supervisors  
County of Orange

4. Twenty (20) hard copies and a PDF file of the audit reports for FY 2022-2023 shall be delivered to the Auditor-Controller no later than September 14, 2023. Distribution shall be made by the Auditor-Controller.
5. For Fiscal Years 2023-2024 and 2024-2025, the Contractor shall strictly adhere to the performance deadlines for this sub-project to be established by the Manager of the General Accounting Section, Auditor-Controller Department . The audit report for these fiscal years shall be completed by mid-September 2024 and 2025.

**N. Subsequent Events Review of CalOptima and County's Basic Financial Statements**

1. Capitation receivable – Perform cash look-back analysis to determine reasonableness of the valuation of capitation receivables at June, 2023, 2024, and 2025.
2. Medical claims liability – Perform an analysis based upon claim payments made subsequent to year end and other relevant information to determine the reasonableness of the estimate of the cost of services that has been incurred but not yet reported for each of the years ending June 30, 2023, 2024, and 2025.
3. Capitation and withholds liability – Perform an analysis based upon payments made subsequent to year end and other relevant information to determine the reasonableness of the capitation and withholds liability for each of the years ending June 30, 2023, 2024, and 2025.

4. Review of the CalOptima Board of Director's meeting minutes or summaries of actions of recent meetings for which minutes have not yet been prepared, for the period of time between the issuance of the CalOptima basic financial statements and the issuance of the County's basic financial statements for the years ending June 30, 2023, 2024, and 2025.
5. Make inquiries about the following and verify responses:
  - (a) Related party transactions
  - (b) Commitments and contingencies
  - (c) Illegal acts
  - (d) Litigation and claims
  - (e) Subsequent events
  - (f) Premium deficiency reserves
  - (g) Audits in progress and/or completed by the Center for Medicare and Medicaid Services (CMS) and California Department of Health Care Services (DHCS)
  - (h) Fraud
6. Obtain management representation letter.

**O. Annual Financial Audit of the Treasurer's Schedule of Assets**

1. The Schedule of Assets Held by the County Treasury (Schedule of Assets), with appropriate footnotes, will be prepared by the Treasurer-Tax Collector and provided to the Contractor.
2. The Contractor shall perform a financial audit of the Schedule of Assets for the fiscal years ending June 30 of 2023, 2024, and 2025, with renewal options for 2026 and 2027, on behalf of the County Auditor-Controller as required by California Government Code Section 26920 (b).
3. The Contractor shall perform a financial audit of the Treasurer's Schedule of Assets in accordance with Government Auditing Standards (Yellow Book) issued by the Comptroller General of the United States (GAO).
4. This contract will result in a financial audit opinion as to whether the Schedule of Assets is presented fairly and in accordance with the modified cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. (The Treasurer uses the modified cash basis of accounting.)
5. The Contractor will keep the Auditor-Controller's Office and Treasurer-Tax Collector apprised of potential issues noted during the course of the audit.
6. The report will be based on Generally Accepted Government Auditing Standards (GAGAS) for financial audits.
7. The audit report will include the audited Schedule of Assets with appropriate footnotes and will be addressed to the County Board of Supervisors.
8. The report will be provided to the Auditor-Controller's Office, which will be responsible for transmitting the report to the Board of Supervisors. The report should note that the following parties will receive copies of the report: Treasury Oversight Committee, Audit Oversight Committee, Treasurer-Tax Collector, Auditor-Controller, County Executive Officer, Chief Financial Officer,

Chief Assistant Treasurer-Tax Collector-Treasury, Director of Central Operations Auditor-Controller, Clerk of the Board, Grand Jury Foreman, Director of Auditor-Controller.

9. For Fiscal Year 2022-23, the due date for the final audit report will be January 31, 2024. For fiscal years 2023-2024 and 2024-2025, the final audit reports shall be completed and delivered to the Auditor-Controller on or before January 31 of the following fiscal year.
10. If appropriate, the Contractor will prepare a management letter to report on audit findings noted during the audit.
11. As a predecessor auditor, the Auditor-Controller Internal Audit Division will allow the Contractor's AUDITORS to view its documentation of the Treasury's internal controls over cash, demand accounts, and investments from Auditor-Controller Internal Audit Division's audit of the Treasury Schedule of Assets.

**P. Training**

1. Each fiscal year, the Contractor shall provide eight (8) hours of governmental accounting training classes to selected County staff. A maximum of fifty (50) attendees will be selected by the Auditor-Controller or his designee.
2. Each fiscal year, the Contractor shall provide four (4) hours of Uniform Guidance training to County staff and/or County subrecipients. A maximum of two hundred (200) attendees will attend.
3. Each fiscal year, the Contractor shall provide one (1) hour of COSO Internal Control training to County staff. A maximum of one hundred (100) attendees will attend.
4. All trainings shall meet Continuing Professional Education (CPE) requirements of the American Institute of Certified Public Accountant (AICPA).
5. The training course materials and the date/s of the training classes will be approved in advance by the County Project Manager.
6. The training class shall be held at a mutually agreeable location and approved by the County Project Manager.
7. Only costs associated with the eight-hour governmental accounting training, including training materials, cost of facility (if applicable), audio/visual equipment, and cost of refreshments shall be paid by the Contractor. Costs associated with the Uniform Guidance shall be based on the Contractor's rates specified in Attachment B, Cost/Compensation.

**Q. Consent Review (Optional Deliverable)**

Upon written request from the County Project Manager, Contractor shall perform the services in this Section Q for the fiscal years referenced in the request.

1. The County (including its component units) may offer short-term tax and revenue anticipation notes and/or commercial paper borrowings, and is exploring various capital improvement financing plans, pension obligation bonds, and other long and short-term financing options which may include general obligation and revenue bonds, lease-purchase financings, taxable bond issues, or Certificates of Participation. As part of these processes, the County wishes to include its financial statements, and the Contractor's opinion thereon, within the official statements for such offerings. John Wayne

Airport and the OC Waste & Recycling Department may wish to use their own financial statements for such borrowings.

2. The Contractor shall perform a consent review upon request of the Auditor-Controller as necessary to allow the use of the Contractor's opinion in the official statements for such borrowings. The consent review shall be conducted as promptly as possible within the time frame requested by the Auditor-Controller. Following the consent review, the Contractor will manually sign a document authorizing the County to use the Contractor's opinion in connection with any borrowing.

**R. Communications**

1. The Contractor shall, at no additional cost to the County, make a presentation to the County Board of Supervisors following the completion of the annual audit.
2. The Contractor shall, at no additional cost to the County, make one presentation quarterly to the County's Audit Oversight Committee or to other County officials as determined by the Auditor-Controller Internal Audit division or the County's Internal Audit Department.

**S. Project Progress**

1. The Contractor shall conduct regular progress report meetings with the Auditor-Controller or his designee on the conduct of the work required under this Contract as deemed appropriate. Either the Auditor-Controller or the Contractor may request a meeting at any time during the term of this Contract.
2. The Contractor shall prepare a written weekly status report detailing the status of each audit. The status report shall be emailed to the County Project Manager for distribution.
3. To the extent the County does not meet the foregoing target dates specified in this Scope of Work, and the Contractor is delayed thereby, a reasonable extension may be made to the pertinent sub-project audit schedule; such an extension shall not under any circumstances exceed the total period by which the County exceeds said target dates. The Contractor shall not be entitled to any other relief, or to any monetary damages whatsoever, as a result of such delay.

**T. Guidance and Advice on New Authoritative Pronouncements**

1. Providing guidance and advice in the analysis of new authoritative pronouncements shall be considered as part of the normal Scope of Work under this Contract, and shall not be considered as extra services.

**U. Unusual Discoveries/Extra Services**

1. If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if other circumstances are encountered that require extra services, the Contractor shall promptly advise the Auditor-Controller. No extra services shall be performed unless such are authorized in a separate contractual agreement or in an amendment to this Contract.
2. Contractor shall provide a written quote for any Extra Services requested by the County. Contractor's quote shall include the following information: Staff Classification and estimated number of hours required, and Contractor's proposed approach to the Extra Services requested and expected completion date.

3. Any Extra Services shall be subject to the same terms and conditions of the Contract unless otherwise specified in writing and agreed upon by the Parties. Any Extra Services under this section will not be an amendment to the Contract unless they change the general terms and conditions or the terms of payment in the Contract. Except as may be agreed by the County, Contractor shall respond to a request for Extra Services within ten (10) business days after receipt, advising the County of any cost or schedule impact. The Parties will negotiate in good faith and in a timely manner all aspects of the proposed Extra Services. No request for Extra Services will have any force or effect unless signed by authorized representatives of the Parties.

**V. Subsequent Events Review of OCERS and County's Basic Financial Statements**

1. Review of the OCERS Board of Director's meeting minutes or summaries of actions of recent meetings for which minutes have not yet been prepared, for the period of time between the issuance of the OCERS basic financial statements and the issuance of the County's basic financial statements for the years ending December 31, 2023, 2024, and 2025.
2. Make inquiries about the following and verify responses:
  - (a) Related party transactions
  - (b) Commitments and contingencies
  - (c) Illegal acts
  - (d) Litigation and claims
  - (e) Subsequent events
  - (f) Premium deficiency reserves
  - (g) Fraud
3. Obtain management representation letter.

**ATTACHMENT B  
COST/COMPENSATION**

Proposer shall complete and submit as Attachment B in Part 3

**Compensation**

A. General

Contractor agrees to accept as payment for all services rendered as specified in Attachment B - Cost/Compensation herein as full remuneration for performing all services and furnishing all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the services until acceptance, for risks connected with the services, and for performance by the Contractor of all its duties and obligations hereunder. This is a fixed price Contract between the County and Contractor for services provided in Attachment A - Scope of Work.

B. Fixed Price

County shall have no obligation to pay any sum in excess of said fixed price for each fiscal year, unless authorized in accordance with the “Changes/Extra Work/Amendments” paragraph of this Contract. Contractor shall fully perform and complete its duties and obligations under this Contract, regardless of the number of man hours required of the Contractor in effectuating such performance and completion. The Contractor shall not be entitled to reimbursement of expenses incurred in performance of this Contract. Contractor shall not rely on the total ceiling cost established upon execution of the Contract, but will be paid for services actually rendered, up to the maximum amount indicated.

The cost of additional work to be performed as required by the cognizant agency for the Single Audit shall be included in the sub-project as part of what is described in Attachment A - Scope of Work and shall be included in the fixed price.

C. Salary Rates and Associated Costs

The salary rates specified herein shall include all payroll taxes, payroll burden, home office burden, general and administrative overhead, fee or profit, and all other costs including expenses normally associated with the Contractor’s service.

List below the labor classification and hourly rate of staff who will be performing all services under this Contract:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>	<u>Fixed Rate per Hour</u>
Partner	467	\$270
Manager	875	\$230
Senior	1554	\$165
Staff	1524	\$115
Paraprofessional	49	\$60
		Total: <u>\$1,680,214</u>

These rates shall remain constant throughout the term of this Contract and shall not be subject to escalation. The rates shall apply to straight time and overtime alike. Travel time shall not be allowed.

D. Staff Labor Rates for Extra Work

For authorized work outside of the Scope of Work described herein and fully set forth in Attachment A, the labor shall be at the rates set forth in Item C above. These rates should be all-inclusive of general and administrative expenses and overhead.

All extra work resulting in an increase in this Contract’s monetary limit for each audit period (fiscal year) shall be authorized by written Amendment to this Contract. Said Amendment shall be issued by the Auditor-Controller or his/her designee, and may be subject to approval by the Board of Supervisors, as set forth in paragraph 8 of the Contract titled Changes/Extra Work/Amendments.

E. Deliverable/Tasks – Fiscal Year 2022-2023 (Maximum Fee not to Exceed \$543,600).

Refer to Attachment A - Scope of Work, Item II, "Contractor's Duties and Responsibilities," for a description of all subprojects mentioned herein.

<u>Description</u>	<u>Maximum Amount Not to Exceed</u>
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1. Subprojects A, R, S, and T combined:  
Annual Comprehensive Financial Report (ACFR), communications, project progress meetings, guidance and advice on new authoritative pronouncements

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	216
Manager	410
Senior	754
Staff	754
Paraprofessional	18
Total: <u>\$255,000</u>	

2. Subproject B: Audits of Investment Trust Funds:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	12
Manager	22
Senior	42
Staff	42
Paraprofessional	2
Total: <u>\$14,500</u>	

3. Subproject C: Audit of Pension and Other Postemployment Trust Funds:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	14
Manager	28
Senior	50
Staff	50
Paraprofessional	2
Total: <u>\$19,000</u>	

4. Subproject D: Single Audit Reports:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	88
Manager	167
Senior	308
Staff	308
Paraprofessional	7
Total: <u>\$115,00</u>	

Single audit assumes eight (8) major programs. Additional major programs would be at a cost of \$11,500 per major programs.

5. Subproject E: Agreed-Upon Procedures for Attestation of Section 8 Cluster to HUD:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	8
Manager	16
Senior	28
Staff	28
Paraprofessional	2
Total: <u>\$9,000</u>	

6. Subproject F: Management Letter:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	12
Manager	18
Senior	10
Paraprofessional	2
Total: <u>\$5,500</u>	

7. Subproject G: Audit of John Wayne Airport, Orange County:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	28
Manager	54
Senior	98
Staff	98
Paraprofessional	4
Total: <u>\$30,500</u>	

8. Subproject H: Audit of John Wayne Airport Passenger Facility Charge (PFC) Revenue:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	8
Manager	16
Senior	28
Staff	28
Paraprofessional	2
Total: <u>\$8,750</u>	

9. Subproject I: Audit of the OC Waste & Recycling Department:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	28
Manager	53
Senior	98
Staff	98
Paraprofessional	2
Total: <u>\$34,000</u>	

10. Subproject J: Audit of the OCDA Redevelopment Successor Agency Private-Purpose Trust Funds:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	12
Manager	23
Senior	42
Staff	42
Paraprofessional	1
Total: <u>\$16,000</u>	

11. Subproject K: Agreed-Upon Procedures of Tobacco Settlement Revenue (TSR) Fund:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	8
Manager	15
Senior	28
Staff	28
Paraprofessional	1
Total: <u>\$11,500</u>	

12. Subproject L and M combined: Agreed-Upon Procedures related to the Annual Appropriations Limit:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	2
Manager	4
Senior	8
Staff	8
Paraprofessional	2
Total: <u>\$2,200</u>	

13. Subproject N: Subsequent Events Review of CalOptima and County’s Basic Financial Statements:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	6
Manager	10
Senior	10
Total: <u>\$3,200</u>	

14. Subproject O: Annual Financial Audit of the Treasurer’s Schedule of Assets:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	8
Manager	15
Senior	28
Staff	28
Paraprofessional	1
Total: <u>\$9,250</u>	

15. Subproject P: Training:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	7
Manager	6
Paraprofessional	1
Total: <u>\$3,000</u>	

16. Subproject Q: Consent Review (Optional Deliverable):

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	4
Manager	8
Senior	12
Staff	12
Paraprofessional	2
Total: <u>\$4,000</u>	

17. Subproject U: Unusual Discoveries/Extra Services

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	--
Manager	--
Supervisor	--
Senior	--
Staff	--
Paraprofessional	--
Total: <u>Estimated at 10% of the Total Contract</u>	

18. Subproject V: Subsequent Events Review of OCERS and County's Basic Financial Statements:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	6
Manager	10
Senior	10
Paraprofessional	0
Total: <u>\$3,200</u>	

F. Deliverable/Tasks – Fiscal Year 2023-2024 (Maximum Fee not to Exceed \$559,908).

Refer to Attachment A - Scope of Work, Item II, "Contractor's Duties and Responsibilities," for a description of all subprojects mentioned herein.

<u>Description</u>	<u>Maximum Amount Not to Exceed</u>
1. <u>Subprojects A, R, S, and T combined:</u> Annual Comprehensive Financial Report (ACFR), communications, project progress meetings, guidance and advice on new authoritative pronouncements	

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	216
Manager	410
Senior	754
Staff	754
Paraprofessional	18
Total: <u>\$262,650</u>	

2. Subproject B: Audits of Investment Trust Funds:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	12
Manager	22
Senior	42
Staff	42
Paraprofessional	2
Total: <u>\$14,935</u>	

3. Subproject C: Audit of Pension and Other Postemployment Trust Funds:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	14
Manager	28
Senior	50
Staff	50
Paraprofessional	2
Total: <u>\$19,570</u>	

4. Subproject D: Single Audit Reports:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	88
Manager	167
Senior	308
Staff	308
Paraprofessional	7
Total: <u>\$118,450</u>	

\*Single audit assumes eight (8) major programs. Additional major programs would be at a cost of \$11,845 per major program.

5. Subproject E: Agreed-Upon Procedures for Attestation of Section 8 Cluster to HUD:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	8
Manager	16
Senior	28
Staff	28
Paraprofessional	2
Total: <u>\$9,270</u>	

6. Subproject F: Management Letter:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	12
Manager	18
Senior	10
Paraprofessional	2
Total: <u>\$5,665</u>	

7. Subproject G: Audit of John Wayne Airport, Orange County:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	28
Manager	54
Senior	98
Staff	98
Paraprofessional	4
Total: <u>\$31,415</u>	

8. Subproject H: Audit of John Wayne Airport Passenger Facility Charge (PFC) Revenue:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	8
Manager	16
Senior	28
Staff	28
Paraprofessional	2
Total: <u>\$ 9,013</u>	

9. Subproject I: Audit of the OC Waste & Recycling Department:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	28
Manager	53
Senior	98
Staff	98
Paraprofessional	2
Total: <u>\$35,020</u>	

10. Subproject J: Audit of the OCDA Redevelopment Successor Agency Private-Purpose Trust Funds:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	12
Manager	23
Senior	42
Staff	42
Paraprofessional	1
Total: <u>\$16,480</u>	

11. Subproject K: Agreed-Upon Procedures of Tobacco Settlement Revenue (TSR) Fund:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	8
Manager	15
Senior	28
Staff	28
Paraprofessional	1
Total: <u>\$11,845</u>	

12. Subproject L and M combined: Agreed-Upon Procedures related to the Annual Appropriations Limit:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	2
Manager	4
Senior	8
Staff	8
Paraprofessional	2
Total: <u>\$2,266</u>	

13. Subproject N: Subsequent Events Review of CalOptima and County's Basic Financial Statements:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	6
Manager	10
Senior	10
Total: <u>\$3,296</u>	

14. Subproject O: Annual Financial Audit of the Treasurer’s Schedule of Assets:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	8
Manger	15
Senior	28
Staff	28
Paraprofessional	1
Total: <u>\$9,528</u>	

15. Subproject P: Training:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	7
Manger	6
Paraprofessional	1
Total: <u>\$3,090</u>	

16. Subproject Q: Consent Review (Optional Deliverable):

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	4
Manger	8
Senior	12
Staff	12
Paraprofessional	2
Total: <u>\$4,120</u>	

17. Subproject U: Unusual Discoveries/Extra Services

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	--
Manager	--
Supervisor	--
Senior	--
Staff	--
Paraprofessional	--
Total: <u>Estimated at 10% of the Total Contract</u>	

18. Subproject V: Subsequent Events Review of OCERS and County’s Basic Financial Statements:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	6
Manager	10
Senior	10
Total: <u>\$ 3,296</u>	

G. Deliverable/Tasks – Fiscal Year 2024-2025 (Maximum Fee not to Exceed \$576,706).

Refer to Attachment A - Scope of Work, Item II, "Contractor's Duties and Responsibilities," for a description of all subprojects mentioned herein.

<u>Description</u>	<u>Maximum Amount Not to Exceed</u>
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1. Subprojects A, S, T, and U combined:

Annual Comprehensive Financial Report (ACFR), communications, project progress meetings, guidance and advice on new authoritative pronouncements

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	216
Manager	410
Senior	754
Staff	754
Paraprofessional	18
Total: <u>\$270,530</u>	

2. Subproject B: Audits of Investment Trust Funds:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	12
Manager	22
Senior	42
Staff	42
Paraprofessional	2
Total: <u>\$15,383</u>	

3. Subproject C: Audit of Pension and Other Postemployment Trust Funds:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	14
Manager	28
Senior	50
Staff	50
Paraprofessional	2
Total: <u>\$20,157</u>	

4. Subproject D: Single Audit Reports:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	88
Manager	167
Senior	308
Staff	308
Paraprofessional	7
Total: <u>\$122,004</u>	

\*Single audit assumes eight (8) major programs. Additional major programs would be at a cost of \$12,200 per major program.

5. Subproject E: Agreed-Upon Procedures for Attestation of Section 8 Cluster to HUD:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	8
Manager	16
Senior	28
Staff	28
Paraprofessional	2
Total: <u>\$9,548</u>	

6. Subproject F: Management Letter:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	12
Manager	18
Senior	10
Paraprofessional	2
Total: <u>\$5,835</u>	

7. Subproject G: Audit of John Wayne Airport, Orange County:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	28
Manager	54
Senior	98
Staff	98
Paraprofessional	4
Total: <u>\$32,357</u>	

8. Subproject H: Audit of John Wayne Airport Passenger Facility Charge (PFC) Revenue:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	8
Manager	16
Senior	28
Staff	28
Paraprofessional	2
Total: <u>\$9,283</u>	

9. Subproject I: Audit of the OC Waste & Recycling Department:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	28
Manager	53
Senior	98
Staff	98
Paraprofessional	2
Total: <u>\$36,071</u>	

10. Subproject J: Audit of the OCDA Redevelopment Successor Agency Private-Purpose Trust Funds:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	12
Manager	23
Senior	42
Staff	42
Paraprofessional	1
Total: <u>\$16,974</u>	

11. Subproject K: Agreed-Upon Procedures of Tobacco Settlement Revenue (TSR) Fund:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	8
Manager	15
Senior	28
Staff	28
Paraprofessional	1
Total: <u>\$12,200</u>	

12. Subproject L and M combined: Agreed-Upon Procedures related to the Annual Appropriations Limit:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	2
Manager	4
Senior	8
Staff	8
Paraprofessional	2
Total: <u>\$2,334</u>	

13. Subproject N: Subsequent Events Review of CalOptima and County's Basic Financial Statements:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	6
Manager	10
Senior	10
Total: <u>\$3,395</u>	

14. Subproject O: Annual Financial Audit of the Treasurer's Schedule of Assets:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	8
Manager	15
Senior	28
Staff	28
Paraprofessional	1
Total: <u>\$9,813</u>	

15. Subproject P: Training:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	7
Manager	6
Paraprofessional	1
Total: <u>\$3,183</u>	

16. Subproject Q: Consent Review (Optional Deliverable):

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	4
Manager	8
Senior	12
Staff	12
Paraprofessional	2
Total: <u>\$4,244</u>	

17. Subproject U: Unusual Discoveries/Extra Services

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	--
Manager	--
Supervisor	--
Senior	--
Staff	--
Paraprofessional	--
Total: <u>Estimated at 10% of the Total Contract</u>	

18. Subproject V: Subsequent Events Review of OCERS and County's Basic Financial Statements:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	6
Manager	10
Senior	10
Total: <u>\$3,395</u>	

**ATTACHMENT C**  
**COUNTY-PROVIDED RESOURCES**

**Complete and submit as Attachment C to response to Item #3, Section II, Part 3**

Proposer must identify and list any requirements for County-Furnished equipment, materials, facilities or any other County support that will be necessary to implement and complete this project. The County reserves the right to accept or reject any and all requests /requirements for County-Furnished items and assistance.

1. To assist the Contractor in the performance of this examination, the County will make available, through the Auditor-Controller, support personnel to provide reasonable assistance for tasks such as: identifying locations of required records and documentation, gathering needed records and supporting information, obtaining lists, scheduling of detail data required in various tests, and other tasks that will serve to expedite the conduct of the engagement.

For these purposes, the Manager of the Auditor-Controller Financial Reporting and Mandated Cost Unit (the "Project Manager" for this Contract), shall provide such assistance as required, and shall designate other support personnel within the County whom the Contractor may contact for additional assistance.

Said County support personnel shall not be available for any purpose, nor for use in any manner that, in the reasonable determination of the Auditor-Controller, could be construed as making said personnel a part of the Contractor's audit team.

The County shall not be obligated to make available the services of support personnel except during normal County work hours, except that, if the Auditor-Controller, in his sole judgment and discretion, determines that circumstances necessitating overtime are caused by the County, the County shall take reasonable measures to make the services of such personnel available outside normal County work hours as reasonably necessary.

2. Reasonable office space, desks, tables, chairs, and telephones will be provided during normal County work hours (8:00 a.m. to 5:00 p.m.) only.
3. Long-distance calls are to be charged to the Contractor's credit card.
4. Access to a photocopy machine will be provided.

**ATTACHMENT D**  
**PROJECT PLAN / TIMELINE [dates to be modified]**

**Complete and submit as Attachment D to response to Item #4, Section II, Part 3**

Proposer's implementation plan shall include a detailed timeline with milestones to provide the deliverables included in the scope of work, as well as any other deliverables the Offeror deems necessary/desirable to meet the County's objectives.

The Project Schedule for all subprojects shown in this Attachment is for the audits of Fiscal Year 2022-2023. A similar schedule for the audits of each of the remaining years of this Contract, Fiscal Years 2023-2024 and 2024-2025, shall be on or around the same completion date for the audit of Fiscal Year 2022-2023.

**1. SUBPROJECT A – FY 2022-2023 Annual Comprehensive Financial Report (ACFR)**

<u>Milestone</u>	<u>Completion Date</u>
Planning and Interim Audit Procedures	To be determined
Review Preliminary Fund Level ACFR Components	October 9, 2023
Review Final Draft of ACFR	December 13, 2023
Sign and Submit Report on Examination of Financial Statements	December 18, 2023
<u>Deliverable</u>	<u>Due on or Before</u>
Contractor shall analyze partial ACFR and draft of Fund Level Financial Statements and recommend any revisions deemed necessary, in order for the County to proceed with preparation of Government Wide Financial statements.	October 9, 2023
Contractor shall analyze entire ACFR and basic financial statements and recommend any revisions deemed necessary.	December 13, 2023
Contractor shall sign and submit its report on the examination of the financial statements.	December 18, 2023

**2. SUBPROJECT B – FY 2022-2023 Audit of Investment Trust Funds**

All milestones, completion dates and deliverables will coincide and be included as part of the ACFR.

**3. SUBPROJECT C – FY 2022-2023 Audit of Pension and Other Postemployment Benefit Trust Funds**

All milestones, completion dates and deliverables will coincide and be included as part of the ACFR.

**4. SUBPROJECT D – FY 2022-2023 Single Audit Reports**

<u>Milestone</u>	<u>Completion Date</u>
Planning and Interim Audit Procedures	To be determined

Fiscal Year-end Work	January 31, 2024
Deliver Drafts of Reports	February 28, 2024
Deliver Single Audit Reports	March 22, 2024
<b><u>Deliverable</u></b>	<b><u>Due on or before</u></b>
Contractor shall deliver Single Audit Reports to the County Auditor-Controller.	March 22, 2024
Service warranty work as required by the County or Federal Government.	To be determined

**5. SUBPROJECT E – FY 2022-2023 Agreed-Upon Procedures for Attestation of Section 8 Cluster to HUD**

<b><u>Milestone</u></b>	<b><u>Completion Date</u></b>
Interim Procedures	To be determined
Deliver Draft Letter	March 18, 2024
Deliver Final Letter	March 31, 2024
<b><u>Deliverable</u></b>	<b><u>Due on or before</u></b>
Contractor shall deliver agreed-upon procedures letter to the County Auditor-Controller.	March 29, 2024

**6. SUBPROJECT F – FY 2022-2023 Management Letter**

<b><u>Milestone</u></b>	<b><u>Completion Date</u></b>
Prepare Management Letter	January 31, 2024
Deliver Draft of Management Letter	February 28, 2024
Deliver Management Letter	January 31, 2024
<b><u>Deliverable</u></b>	<b><u>Due on or before</u></b>
Contractor shall deliver Management Letter to the County Auditor-Controller.	March 22, 2024

**7. SUBPROJECT G – FY 2022-2023 Audit of John Wayne Airport, Orange County**

<b><u>Milestone</u></b>	<b><u>Completion Date</u></b>
Interim Audit Procedures	To be determined

Fiscal Year-End Work	November 20, 2023
Deliver Draft Report	December 4, 2023
Deliver Audit Report	December 18, 2023

**Deliverable**

**Due on or before**

Contractor shall deliver audit report to the County Auditor-Controller.	December 18, 2023
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**8. SUBPROJECT H – FY 2022-2023 Audit of John Wayne Airport Passenger Facility Charge (PFC) Revenue**

**Milestone**

**Completion Date**

Interim Audit Procedures	To be determined
Fiscal Year-End Work	November 20, 2023
Deliver Draft Report	December 4, 2023
Deliver Audit Report	December 18, 2023

**Deliverable**

**Due on or before**

Contractor shall deliver audit report to the County Auditor-Controller.	December 18, 2023
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**9. SUBPROJECT I – FY 2022-2023 Audit of the OC Waste & Recycling Department**

**Milestone**

**Completion Date**

Interim Audit Procedures	To be determined
Fiscal Year-End Work	November 20, 2023
Deliver Draft Report	December 4, 2023
Deliver Audit Report	December 18, 2023

**Deliverable**

**Due on or before**

Contractor shall deliver audit report to the County Auditor-Controller.	December 18, 2023
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**10. SUBPROJECT J – FY 2022-2023 Audit of the OCDA Redevelopment Successor Agency**

**Milestone**

**Completion Date**

Interim Audit Procedures	To be determined
Fiscal Year-End Work	To be determined

Deliver Draft Report	November 25, 2023
Deliver Audit Report	December 18, 2023
<b><u>Deliverable</u></b>	<b><u>Due on or before</u></b>
Contractor shall deliver audit report to the County Auditor-Controller.	December 18, 2023

11. **SUBPROJECT K – FY 2022-2023 Agreed-Upon Procedures of Tobacco Settlement Revenue (TSR) Fund**

<b><u>Milestone</u></b>	<b><u>Completion Date</u></b>
Interim Procedures	To be determined
Deliver Draft Letter	November 14, 2023
Deliver Final Letter	November 28, 2023
<b><u>Deliverable</u></b>	<b><u>Due on or before</u></b>
Contractor shall deliver agreed-upon procedures letter to the County Auditor-Controller.	November 28, 2023

12. **SUBPROJECT L & M – FY 2022-2023 Agreed-Upon Procedures of Appropriations Limit Calculation**

<b><u>Milestone</u></b>	<b><u>Completion Date</u></b>
Interim Procedures	To be determined
Deliver Draft Letter	August 31, 2023
Deliver Final Letter	September 14, 2023
<b><u>Deliverable</u></b>	<b><u>Due on or before</u></b>
Contractor shall deliver agreed-upon procedures letter to the County Auditor-Controller.	September 14, 2023

13. **SUBPROJECT N – FY 2022-2023 Subsequent Review of CalOptima and County’s Basic Financial Statements**

<b><u>Milestone</u></b>	<b><u>Completion Date</u></b>
Interim Procedures	To be determined
Deliver Draft Letter	To be determined
Deliver Final Letter	To be determined

<u>Deliverable</u>	<u>Due on or before</u>
Contractor shall deliver agreed-upon procedures letter to the County Auditor-Controller.	To be determined
<b>14. <u>SUBPROJECT O – FY 2022-2023 Annual Financial Audit of the Treasurer’s Schedule of Assets</u></b>	
<u>Milestone</u>	<u>Completion Date</u>
Interim Procedures	To be determined
Deliver Draft Letter	January 17, 2024
Deliver Final Letter	January 31, 2024
<u>Deliverable</u>	<u>Due on or before</u>
Contractor shall deliver agreed-upon procedures letter to the County Auditor-Controller.	January 31, 2024
<b>15. <u>SUBPROJECT P – FY 2022-2023 Training</u></b>	
Milestone	Completion Date
Training course materials approved by County	To be determined
Training course completed	June 30, 2023
Deliverable	Due on or before
Contractor shall deliver training course materials to the County Auditor-Controller	June 30, 2023
[To be determined] County Treasurer-Tax Collector.	
<b>16. <u>SUBPROJECT V– FY 2022-2023 Subsequent Review of OCERS and County’s Basic Financial Statements</u></b>	
<u>Milestone</u>	<u>Completion Date</u>
Interim Procedures	To be determined
Deliver Draft Letter	To be determined
Deliver Final Letter	To be determined
<u>Deliverable</u>	<u>Due on or before</u>
Contractor shall deliver agreed-upon procedures letter to the County Auditor-Controller.	To be determined

**ATTACHMENT E  
ORGANIZATION CHART AND STAFFING PLAN**

Proposer to provide a complete listing of names, titles of the key personnel, and roles assigned to the project and any subcontractors which are anticipated to perform in any part of the services specified in Attachment A – Scope of Work.

<u>NAME</u>	<u>CLASSIFICATION</u>
<u>Kinnaly Soukhaseum</u>	<u>Engagement Partner</u>
<u>David Showalter</u>	<u>Quality Review Partner</u>
<u>Erika Partida</u>	<u>Senior Manager</u>
<u>Karleen Ransom</u>	<u>Senior Manager</u>
<u>David Preciado</u>	<u>Manger</u>
<u>Shelley Goodrich</u>	<u>Senior Manager</u>
<u>Lauryn Stepleton</u>	<u>Senior Manger</u>
<u>Michael Torcaso</u>	<u>Senior Associate</u>
<u>Michaelyn Roelle</u>	<u>Senior Associate</u>

The substitution or addition of other individuals in any key given category or classification shall be allowed only with prior written approval of the County. These key classifications include the engagement partner, engagement senior manager or manager, and engagement supervising senior(s). Other consultants and/or specialized personnel may be assigned as needed, subject to the County's approval.

**ATTACHMENT F**  
**HIPAA BUSINESS ASSOCIATE ADDENDUM**

**A. GENERAL PROVISIONS AND RECITALS**

1. The parties agree that the terms used, but not otherwise defined below, shall have the same meaning as those terms in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) as it may exist now or be hereafter amended.

2. It is agreed by both parties that Contractor is a Business Associate of County for the purposes of this Contract.

3. It is understood by both parties that the HIPAA Security and Privacy Rules apply to the Contractor in the same manner as they apply to the covered entity (County). Contractor shall therefore at all times be in compliance with the applicable provisions of both the Privacy and the Security Rules as are described in Sections B.4 and B.5. below, and is responsible for complying with the issued regulations for said rules, as they currently exist or are hereafter amended, for purposes of safeguarding any Protected Health Information (PHI) used or generated by Contractor consistent with the terms of this Contract.

4. It is understood by both parties that the Privacy Rule does not pre-empt any state statutes, rules or regulations that impose more stringent requirements with respect to confidentiality of PHI.

5. County wishes to disclose certain information to Contractor pursuant to the terms of this Contract, some of which may constitute PHI as defined in Section B.6. below.

6. County and Contractor intend to protect the privacy and provide for the security of PHI disclosed to the Contractor pursuant to this Contract, in compliance with HIPAA and the regulations promulgated thereunder by the U.S. Department of Health and Human Services as they may now exist or be hereafter amended.

**B. DEFINITIONS**

1. “Breach” means the acquisition, access, use, or disclosure of Protected Health Information in a manner not permitted under the HIPAA Privacy Rule which compromises the security or privacy of the Protected Health Information.

a. For purposes of this definition, compromises the security or privacy of the Protected Health Information means poses a significant risk of financial, reputational, or other harm to the Individual.

b. A use or disclosure of Protected Health Information that does not include the identifiers listed at §164.514 (e) (2), date of birth, and zip code does not compromise the security or privacy of protected health information

c. Breach excludes:

1) Any unintentional acquisition, access, or use of Protected Health Information by a workforce member or person acting under the authority of a covered entity or a business associate, if such acquisition, access, or use was made in good faith and within the scope of authority and does not result in further use or disclosure in a manner not permitted under the Privacy Rule.

2) Any inadvertent disclosure by a person who is authorized to access Protected Health

Information at a covered entity or business associate to another person authorized to access Protected Health Information at the same covered entity or business associate, or organized health care arrangement in which the covered entity participates, and the information received as a result of such disclosure is not further used or disclosed in a manner not permitted under the Privacy Rule.

3) A disclosure of Protected Health Information where a covered entity or business associate has a good faith belief that an unauthorized person to whom the disclosure was made would not reasonably have been able to retain such information.

2. “Designated Record Set” shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR Section 164.501.

3. “Individual” shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR Section 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR Section 164.502(g).

4. “Privacy Rule” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.

5. “Security Rule” shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 160, Part 162, and Part 164, Subparts A and C.

6. “Protected Health Information” or “PHI” shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR Section 160.103, as applied to the information created or received by Business Associate from or on behalf of Covered Entity.

7. “Required by Law” shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR Section 164.103.

8. “Secretary” shall mean the Secretary of the Department of Health and Human Services or his or her designee.

9. “Unsecured Protected Health Information” means Protected Health Information that is not rendered unusable, unreadable, or indecipherable to unauthorized individuals through the use of a technology or methodology specified by the Secretary of Health and Human Services in the guidance issued on the HHS Web site.

#### C. OBLIGATIONS AND ACTIVITIES OF CONTRACTOR AS BUSINESS ASSOCIATE:

1. Contractor agrees not to use or disclose PHI other than as permitted or required by this Contract or as required by law.

2. Contractor agrees to use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by this Contract.

3. Contractor agrees to mitigate, to the extent practicable, any harmful effect that is known to Contractor of a use or disclosure of PHI by Contractor in violation of the requirements of this Contract.

4. Contractor agrees to report to County within [five (5) business days] any use or disclosure of PHI not provided for by this Contract of which Contractor becomes aware.

5. Contractor agrees to ensure that any agent, including a subcontractor, to whom it provides PHI

received from County, or created or received by Contractor on behalf of County, agrees to the same restrictions and conditions that apply through this Contract to Contractor with respect to such information.

6. Contractor agrees to provide access, within [fifteen (15) calendar days] of receipt of a written request by County, to PHI in a Designated Record Set, to County or, as directed by County, to an Individual in order to meet the requirements under 45 CFR Section 164.524.

7. Contractor agrees to make any amendment(s) to PHI in a Designated Record Set that County directs or agrees to pursuant to 45 CFR Section 164.526 at the request of County or an Individual, within thirty (30) calendar days of receipt of said request by County. Contractor agrees to notify County in writing no later than [ten (10) calendar days] after said amendment is completed.

8. Contractor agrees to make internal practices, books, and records, including policies and procedures and PHI, relating to the use and disclosure of PHI received from, or created or received by Contractor on behalf of County, available to County and the Secretary, in a time and manner as determined by County, or as designated by the Secretary, for purposes of the Secretary determining County's compliance with the Privacy Rule.

9. Contractor agrees to document any disclosures of PHI and to make information related to such disclosures available as would be required for County to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.

10. Contractor agrees to provide County or an Individual, as directed by County, in a time and manner to be determined by County, that information collected in accordance with this Contract, in order to permit County to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.

11. Contractor shall work with County upon notification by Contractor to County of a Breach to properly determine if any Breach exclusions exist as defined in Section B.1.c. above.

#### D. SECURITY RULE

1. Security. Contractor shall establish and maintain appropriate administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of electronic PHI. Contractor shall follow generally accepted system security principles and the requirements of the final HIPAA rule pertaining to the security of PHI.

2. Agents and Subcontractors. Contractor shall ensure that any agent, including a subcontractor, to whom it provides electronic PHI, agrees to implement reasonable and appropriate safeguards to protect the PHI.

3. Security Incidents. Contractor shall report any "security incident" of which it becomes aware to County. For purposes of this agreement, a security incident means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations. This does not include trivial incidents that occur on a daily basis, such as scans, "pings", or unsuccessful attempts to penetrate computer networks or servers maintained by Contractor.

## E. BREACH DISCOVERY AND NOTIFICATION

1. Following the discovery of a Breach of Unsecured Protected Health Information, Contractor shall notify County of such Breach, however both parties agree to a delay in the notification if so advised by a law enforcement official, pursuant to 45 CFR 164.412.

2. A Breach shall be treated as discovered by Contractor as of the first day on which the Breach is known to the Contractor, or by exercising reasonable diligence, would have been known to Contractor.

3. Contractor shall be deemed to have knowledge of a Breach if the Breach is known, or by exercising reasonable diligence would have known, to any person who is an employee, officer, or other agent of the Contractor, as determined by federal common law of agency.

4. Contractor shall provide the notification of the Breach without unreasonable delay, and in no case later than [five (5) business days] after a Breach.

5. Contractor's notification may be oral, but shall be followed by written notification within 24 hours of the oral notification. Thereafter, Contractor shall provide written notification containing the contents stated below, within [five (5) business days]. Contractor shall be required to provide any other information relevant to the Breach in writing, as soon as discovered, or as soon as the information is available.

6. Contractor's notification shall include, to the extent possible:

a. The identification of each Individual whose unsecured protected health information has been, or is reasonably believed by Contractor to have been, accessed, acquired, used, or disclosed during the Breach,

b. Any other information that County is required to include in the notification to Individual it must provide pursuant to 45 CFR §164.404 (c), at the time Contractor is required to notify County, or promptly thereafter as this information becomes available, even after the regulatory sixty (60) day period set forth in 45 CFR § 164.410 (b) has elapsed, including:

1) A brief description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known;

2) A description of the types of Unsecured Protected Health Information that were involved in the Breach (such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code, or other types of information were involved);

3) Any steps Individuals should take to protect themselves from potential harm resulting from the Breach;

4) A brief description of what Contractor is doing to investigate the Breach, to mitigate harm to Individuals, and to protect against any future Breaches; and

5) Contact procedures for Individuals to ask questions or learn additional information, which shall include a toll-free telephone number, an e-mail address, Web site, or postal address.

7. County may require Contractor to provide notice to the Individual as required in 45 CFR § 164.404 if it is reasonable to do so under the circumstances, at the sole discretion of the County.

8. In the event that Contractor is responsible for, or suffers a Breach of Unsecured Protected Health Information, in violation of the Privacy Rule, Contractor shall have the burden of demonstrating that

Contractor made all notifications to County as required by the Breach Notification regulations, or in the alternative, that the use or disclosure did not constitute a Breach as defined in 45 CFR § 164.402.

9. Contractor shall maintain documentation of all required notifications required pursuant to this Contract in the event of an impermissible use or disclosure of Unsecured Protected Health Information, or its risk assessment of the application of an exception to demonstrate that the notification was not required.

10. Contractor shall provide to County all specific and pertinent information about the Breach to permit County to meet its notification obligations under the HITECH Act, as soon as practicable, but in no event later than [fifteen (15) calendar days] after reporting the initial Breach to the County.

11. Contractor shall continue to provide all additional pertinent information about the Breach to County as it may become available, in reporting increments of [fifteen (15) calendar days] after the last report to County. Contractor shall also respond in good faith to any reasonable requests for further information, or follow-up information after report to County, when such request is made by County.

12. Contractor shall bear all expense or other costs associated with the Breach, [and shall reimburse County for all expenses County incurs in addressing the Breach and consequences thereof, including costs of investigation, notification, remediation, documentation or other costs associated with addressing the Breach.]

#### F. PERMITTED USES AND DISCLOSURES BY CONTRACTOR

1. Except as otherwise limited in this Contract, Contractor may use or disclose PHI to perform functions, activities, or services for, or on behalf of, County as specified in this Contract, provided that such use or disclosure would not violate the Privacy Rule if done by County or the minimum necessary policies and procedures of County.

{2. Contractor is permitted to use PHI as necessary for the proper management and administration of Contractor or to carry out legal responsibilities of Contractor. (ref. 45 C.F.R. 164.504(e)(4)(i)(A-B)).

3. Contractor is permitted to disclose PHI received from County for the proper management and administration of Contractor or to carry out legal responsibilities of Contractor, provided:

- a. The disclosure is required by law; or
- b. Contractor obtains reasonable assurances from the person to whom the PHI is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, the person will use appropriate safeguards to prevent unauthorized use or disclosure of the PHI, and the person immediately notifies Contractor of any instance of which it is aware in which the confidentiality of the Information has been Breached. (ref. 45 C.F.R. 164.504(e)(4)(ii)).

4. Contractor is also permitted to use or disclose PHI to provide data aggregation services, as that term is defined by 45 C.F.R. 164.501, relating to the health care operations of County. }

#### G. OBLIGATIONS OF COUNTY

1. County shall notify Contractor of any limitation(s) in County's notice of privacy practices in accordance with 45 CFR Section 164.520, to the extent that such limitation may affect Contractor's use or disclosure of PHI.

2. County shall notify Contractor of any changes in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that such changes may affect Contractor's use or disclosure of PHI.

3. County shall notify Contractor of any restriction to the use or disclosure of PHI that County has agreed to in accordance with 45 CFR Section 164.522, to the extent that such restriction may affect Contractor's use or disclosure of PHI.

4. County shall not request Contractor to use or disclose PHI in any manner that would not be permissible under the Privacy Rule if done by County.

#### H. BUSINESS ASSOCIATE TERMINATION

1. Notwithstanding the Termination provisions set forth in this Contract, the Contract shall only terminate when all of the PHI provided by County to Contractor, or created or received by Contractor on behalf of County, is destroyed or returned to County, or if infeasible to return or destroy PHI, protections are extended to such information, in accordance with the termination provisions of this Section.

2. In addition to the rights and remedies provided in the Termination paragraph of this Contract, upon County's knowledge of a material breach by Contractor of the requirements of this Paragraph, County shall either:

a. Provide an opportunity for Contractor to cure the material breach or end the violation and terminate this Contract if Contractor does not cure the material breach or end the violation within thirty (30) business days; or

b. Immediately terminate this Contract if Contractor has breached a material term of this Contract and cure is not possible; or

c. If neither termination nor cure is feasible, County shall report the violation to the Secretary of the Department of Health and Human Services.

3. Upon termination of this Contract, all PHI provided by County to Contractor, or created or received by Contractor on behalf of County, shall either be destroyed or returned to County as provided in the Termination paragraph of this Contract, and in conformity with the Privacy Rule.

a. This provision shall apply to PHI that is in the possession of subcontractors or agents of Contractor.

b. Contractor shall retain no copies of the PHI.

c. In the event that Contractor determines that returning or destroying the PHI is infeasible, Contractor shall provide to County notification of the conditions that make return or destruction infeasible. Upon determination by County that return or destruction of PHI is infeasible, Contractor shall extend the protections of this Contract to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Contractor maintains such PHI.