



AGREEMENT # MA-003-18011512

BETWEEN

**ORANGE COUNTY
AUDITOR-CONTROLLER**

AND

VAVRINEK, TRINE, DAY & Co., LLP

FOR

INDEPENDENT AUDITING AND RELATED SERVICES

**FOR THE FISCAL YEARS ENDING
JUNE 30, 2018, 2019 AND 2020**

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**CONTRACT AGREEMENT FOR
INDEPENDENT AUDITING AND RELATED SERVICES**

This Contract Agreement for Independent Auditing and Related Services (hereinafter referred to as "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, hereinafter referred to as "County" and Vavrinek, Trine, Day & Co., LLP, with a place of business at 25231 Paseo De Alicia, #100, Laguna Hills, CA 92653, hereinafter referred to as "Vendor", which are sometimes individually referred to as "Party", or collectively referred to as "Parties".

RECITALS

WHEREAS, Vendor responded to a Request for Proposal ("RFP") offering Independent Auditing and Related Services for the Fiscal Years Ending June 30, 2018, 2019, and 2020 as further set forth herein; and

WHEREAS, the Vendor responded and represented that its proposed services shall meet or exceed the requirements and specifications of MA #003-18011512; 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 for the Fiscal Years Ending June 30, 2018, 2019, and 2020;

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 adjudication to another county. In order to comply with Governmental Auditing Standards the County and Vendor 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 state sales or use tax. Out-of-state Vendors 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 Vendor.
- E. **Delivery:** Time of delivery of goods or services is of the essence in this Contract. County reserves the right to refuse any goods or services and to cancel all or any part of the goods not conforming to applicable specifications, drawings, samples or descriptions or services that do not conform to the prescribed Statement of Work as outlined in Attachment A. Acceptance of any part of the order for goods shall not bind County to accept future shipments nor deprive it of the right to return goods already accepted at Vendor's expense. Over shipments and under shipments of goods shall be only as agreed to in writing by County. Delivery shall not be deemed to be complete until all goods or services have actually been received and accepted in writing by County.
- 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:** Vendor expressly warrants that the goods 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 Vendor's part to indemnify, defend and hold County and its indemnitees 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, Vendor shall be solely responsible for clearing the right to use any patented or copyrighted materials in the performance of this Contract. Vendor 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. Vendor agrees that, in accordance with the more specific requirement contained in paragraph "Z" below, it shall indemnify, defend and hold County and County Indemnitees 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, costs and expenses but not including attorney's fees.
- I. **Assignment or Subcontracting:** 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 by Vendor without the express written consent of County. Any attempt by Vendor to assign 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, Vendor 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, or sex of such persons. Vendor acknowledges that a violation of this provision shall subject Vendor 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 immediately terminate this Contract without penalty for cause or after 30 days' written notice without cause, unless otherwise specified. Cause shall be defined as any material breach of contract, any misrepresentation or fraud on the part of the Vendor. Exercise by County of its right to terminate the Contract shall relieve County of all further obligation.
- 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:** Vendor shall be considered an independent contractor and neither Vendor, its employees, nor anyone working under Vendor shall be considered an agent or an employee of County. Neither Vendor, its employees nor anyone working under Vendor shall qualify for workers' compensation or other fringe benefits of any kind through County.
- N. Performance:** Vendor shall perform all work under this Contract, taking necessary steps and precautions to perform the work to County's satisfaction. Vendor shall be responsible for the professional quality, technical assurance, timely completion and coordination of all documentation and other goods and services furnished by the Vendor under this Contract. Vendor 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 Provisions:**
Prior to the provision of services under this Contract, the Vendor agrees to purchase all required insurance at Vendor's expense, including all endorsements required herein, necessary to satisfy the County that the insurance provisions of this Contract have been complied with. Vendor 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 Vendor pursuant to this Contract shall obtain insurance subject to the same terms and conditions as set forth herein for Vendor.

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

- subcontractor’s performance of this Contract, Vendor shall defend the County at its sole cost and expense with counsel approved by Board of Supervisors against same; and
2. Vendor’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 Vendor’s SIR provision shall be interpreted as though the Vendor was an insurer and the County was the insured.

If the Vendor 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 Vendor shall provide the minimum limits and coverage as set forth below:

<u>Coverage</u>	<u>Minimum Limits</u>
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 Vendor'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.

Vendor 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 Vendor's Professional Liability is a "Claims-Made" policy, Vendor 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 Vendor fails to provide the insurance certificates and endorsements within seven (7) days of notification by CEO/Purchasing or the agency/department purchasing division, award may be made to the next qualified vendor.

County expressly retains the right to require Vendor 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 Vendor in writing of changes in the insurance requirements. If Vendor 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 Vendor, 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 Vendor'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: Vendor shall make no changes in the work or perform any additional work without the County's specific written approval.

Q. Change in Ownership: Vendor agrees that if there is a change or transfer in ownership of Vendor's business prior to completion of this Contract, and the County agrees to an assignment of the Contract, the new owners shall be required under terms of sale or other transfer to assume Vendor's duties and obligations contained in this Contract and complete them to the satisfaction of the 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.

R. Force Majeure: Vendor 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 Vendor gives written notice of the cause of the delay to County within 36 hours of the start of the delay and Vendor avails himself of any available remedies.

S. Confidentiality: Vendor 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 Vendor and Vendor's staff, agents and employees.

T. Compliance with Laws: Vendor represents and warrants that services to be provided under this Contract shall fully comply, at Vendor'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. Vendor acknowledges that County is relying on Vendor to ensure such compliance, and pursuant to the requirements of paragraph "Z" below, Vendor agrees that it shall defend, indemnify and hold County and County INDEMNITEES harmless from all liability, damages, costs and expenses arising from or related to a violation of such laws.

U. Intentionally Left Blank

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, each party shall bear their 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 Vendor 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 Vendor shall obtain, from all employees 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 Vendor shall retain all such documentation for all covered employees for the period prescribed by the law. The Vendor 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 Vendor 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:

Vendor 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 Vendor pursuant to this Contract. If judgment is entered against Vendor and County by a court of competent jurisdiction because of the concurrent active negligence or misconduct of County or County Indemnitees, Vendor 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, Vendor 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: Vendor 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 Vendor 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 Vendor's records before final payment is made.

Vendor 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. Vendor agrees to allow interviews of any employees or others who might reasonably have information related to such records. Further, Vendor 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 Vendor cease to exist as a legal entity, the Vendor's records pertaining to this agreement shall be forwarded to the County Project Manager.

BB. Contingency of Funds: Vendor 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.

- CC. **Expenditure Limit:** The Vendor shall notify the County of Orange assigned DPA 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 Contract:** This Contract specifies the contractual terms and conditions by which the County will procure services from Vendor as further detailed in the Scope of Work, identified and incorporated herein by this reference as "Attachment A."
2. **Term of Contract:** This Contract shall commence on May 1, 2018, and shall continue for three years until April 30, 2021, unless otherwise terminated by County. This Contract may be renewed as set forth in paragraph 3 below.
3. **Renewal:** This Contract may be renewed by mutual written agreement of both Parties for two (2) additional one (1) year terms. 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. Such renewal terms will reflect a reasonable cost of living adjustment, and no other changes in the basic billing rates used to arrive at the compensation for the first year of the Contract will be allowed during any renewal period.
4. **Precedence:** The Contract 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.
5. **Compensation:** This is a Not to Exceed Contract between the County and Vendor for services provided in Attachment A – Scope of Work for each of the Fiscal Years ending June 30, 2018, 2019, 2020. Compensation for services shall be as set forth in Attachment B – Cost/Compensation, attached hereto and made a part hereof.
6. **Conflict of Interest – Vendor’s Personnel:** The Vendor 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 Vendor; the Vendor’s employees, agents, and subcontractors associated with accomplishing work and services hereunder. The Vendor’s efforts shall include, but not be limited to establishing precautions to prevent 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 from acting in the best interests of the County.
7. **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 Vendor shall not, during the period of this Contract, employ any County employee for any purpose.
8. **County Project Manager:** The County shall appoint a "County Project Manager" to act as liaison between the County and the Vendor during the term of this contract. The County Project Manager shall coordinate the activities of the County staff assigned to work with the Vendor.

9. **Vendor Project Manager and Key Personnel:** Vendor shall appoint a “Vendor Project Manager” to direct the Vendor’s efforts in fulfilling Vendor’s obligations under this Contract. This Vendor Project Manager shall be subject to approval by the County and shall not be changed without the written consent of the County Project Manager, which consent shall not be unreasonably withheld.

The Vendor Project Manager shall be assigned to this project for the duration of the Contract and shall diligently pursue all work and services to meet the project time lines. The County Project Manager shall have the right to require the removal and replacement of the Vendor Project Manager from providing services to the County under this Contract. The County Project Manager shall notify the Vendor in writing of such action. The Vendor shall accomplish the removal within three (3) business days after written notice by the County Project Manager. The County Project Manager shall review and approve the appointment of the replacement for the Vendor Project Manager. The County is not required to provide any additional information, reason or rationale in the event it requires the removal of Vendor Project Manager from providing further services under the Contract.

10. **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 Vendor’s concurrence. The Vendor shall be responsible for schedule adherence as outlined in Attachment D – Project Plan/Timeline.
11. **News/Information Release:** The Vendor 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 Contract without first obtaining review and written approval of said news releases from the County through the County Project Manager.
12. **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 Vendor and/or anyone acting under the supervision of Vendor 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.
13. **County Of Orange Child Support Enforcement:** All Vendors are required to comply with the child support enforcement requirements of the County of Orange. Failure of the Vendor to comply with all federal, state, and local reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of the Contract. In order to comply with the child support enforcement requirements of the County of Orange, all bidders/proposers must furnish to the Contract administrator, the Purchasing Agent, or the agency/department DPA:
- A. In the case of an individual Vendor, his/her name, date of birth, Social Security number, and residence address;
 - B. In the case of a Vendor doing business in a form other than as an individual, the name, date of birth, Social Security number, and residence address of each individual who owns an interest of 10 percent or more in the Contracting entity;
 - C. A certification that the Vendor has fully complied with all applicable federal and state reporting requirements regarding its employees; and

- D. A certification that the Vendor has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment and will continue to so comply.

Failure to cure such breach within 60 calendar days of notice from the County shall constitute grounds for termination of the Contract.

14. Disputes – Contract:

- A. 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 Vendor Project Manager and the County's Project Manager, such matter shall be brought to the attention of the County Deputy Purchasing Agent by way of the following process:
1. The Vendor shall submit to the agency/department assigned Deputy Purchasing Agent 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.
 2. The Vendor's written demand shall be fully supported by factual information, and, if such demand involves a cost adjustment to the Contract, the Vendor 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 Vendor believes the County is liable.
- B. Pending the final resolution of any dispute arising under, related to, or involving this Contract, the Vendor agrees to diligently proceed with the performance of this Contract, including the delivery of goods and/or provision of services. The Vendor's failure to diligently proceed shall be considered a material breach of this Contract.

Any final decision of the County shall be expressly identified as such, shall be in writing, and shall be signed by the County Deputy Purchasing Agent or his designee. If the County fails to render a decision within 90 days after receipt of the Vendor's demand, it shall be deemed a final decision adverse to the Vendor's contentions. Nothing in this paragraph shall be construed as affecting the County's right to terminate the Contract for cause or termination for convenience as stated in paragraph K herein.

15. **Errors and Omissions:** All reports, files and other documents prepared and submitted by Vendor shall be complete and shall be carefully checked by the professional(s) identified by Vendor as Vendor Project Manager and key personnel attached hereto, prior to submission to the County. Vendor agrees that County review is discretionary and Vendor shall not assume that the County will discover errors and/or omissions. If the County discovers any errors or omissions prior to approving Vendor's reports, files and other written documents, the reports, files or documents will be returned to Vendor for correction. Should the County or others discover errors or omissions in the reports, files or other written documents submitted by the Vendor after County approval thereof, County approval of Vendor's reports, files or documents shall not be used as a defense by Vendor in any action between the County and Vendor, and the reports, files or documents will be returned to Vendor for correction.
16. **Gratuities:** The Vendor warrants that no gratuities, in the form of entertainment, gifts or otherwise, were offered or given by the Vendor or any agent or representative of the Vendor 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 goods or services which the Vendor agreed to supply shall be borne and paid for by the Vendor. 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.

17. **Notices:** Any and all notices, requests demands and other communications contemplated, called for, permitted, or required to be given hereunder shall be in writing with a copy provided to the assigned DPA, 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 (4) 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 Vendor: Vavrinek, Trine, Day & Co., LLP
Attention: Roger Alfaro
10681 E Foothill Blvd
Rancho Cucamonga, CA 91730

For County: County of Orange
Attn: Assigned DPA
Auditor-Controller's Office
12 Civic Center Plaza, Room 200
Santa Ana, CA 92701

18. **Ownership of Documents:** The County has permanent ownership of all directly connected and derivative materials produced under this Contract by the Vendor. All documents, reports and other incidental or derivative work or materials 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 documents, reports and other incidental or derivative work or furnished materials shall be used by the Vendor 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 Vendor. Vendor 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.
19. **Vendor's Records:** The Vendor shall keep true and accurate accounts, records, books and data which shall correctly reflect the business transacted by the Vendor in accordance with generally accepted accounting principles. These records shall be stored in California for a period of three (3) 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 DPA.
20. **Reports and Meetings:** The Vendor shall develop reports and any other relevant documents necessary to complete the services and requirements as set forth in this contract. The County Project Manager and the Vendor Project Manager will meet on reasonable notice to discuss the Vendor's performance and progress under this contract. If requested, the Vendor Project Manager

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

21. **Termination – Orderly:** After receipt of a termination notice from the County, the Vendor may submit to the County a termination claim, if applicable. Such claim shall be submitted promptly, but in no event later than 60 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 Vendor. Upon termination County agrees to pay the Vendor for all services performed prior to termination which meet the requirements of the Contract, provided, however, that such compensation combined with 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 performance of the Contract.
22. **Breach of Contract:** The failure of the Vendor 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:
 - a. Terminate the Contract immediately, pursuant to paragraph K herein;
 - b. Afford the Vendor written notice of the breach and ten (10) calendar days or such shorter time that may be specified in this Contract within which to cure the breach;
 - c. Discontinue payment to the Vendor for and during the period in which the Vendor is in breach; and
 - d. Offset against any monies billed by the Vendor but yet unpaid by the County those monies disallowed pursuant to the above.
23. **Conditions Affecting Work:** The Vendor 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 Vendor to do so will not relieve Vendor 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 this Contract.
24. **Data – Title To:** All materials, documents, data or information obtained from the County data files or any County medium furnished to the Vendor in the performance of this Contract will at all times remain the property of the County. Such data or information may not be used or copied for direct or indirect use by the Vendor after completion or termination of this Contract without the express written consent of the County. All materials, documents, data or information, including copies, must be returned to the County at the end of this Contract.
25. **Parking:** The County of Orange will not provide free parking for any service in the County Civic Center.
26. **Follow-On Work:** No person, firm, subsidiary or subcontractor of a firm that has been awarded a consulting services contract or a contract which includes a consulting component may be awarded a Contract for the performance of services, the purchase of goods or supplies, or the

provision of any other related action which arises from or can reasonably be deemed an end-product of work performed under the initial consulting to consulting-related Contract.

Contract Signature Page

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

VAVRINEK, TRINE, DAY & CO., LLP*:

[Signature]
Signature

March 29, 2018
Date

ROGER AVIANO
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 2) any Assistant Secretary; or 3) the Chief Financial Officer; or d) any Assistant Treasurer.**
.....

COUNTY OF ORANGE
A political subdivision of the State of California

[Signature]
Signature

3-29-18
Date

Maribel Garcia
Print Name

DPA
Title

Approved by Board of Supervisors on: _____

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

By [Signature]
Deputy County Counsel
Mark Servino

Date 3/29/18

**ATTACHMENT A
SCOPE OF WORK**

I. PROJECT DEFINITION

The Vendor 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 2018, 2019, and 2020**. Sub-projects, which collectively comprise the project are identified and described in further details in Section II, Items A through V below.

II. VENDOR'S DUTIES AND RESPONSIBILITIES

The Vendor is responsible for the following sub-projects:

A. Comprehensive Annual Financial Report (CAFR)

1. The Vendor 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, 2018, 2019, and 2020**.
- b. Prepare and submit to the County, for publication within the County's CAFR, 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
Hall of Administration
10 Civic Center Plaza
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 2017-18 and subsequent years.
 3. As of fiscal year ending June 30, 2016, the County general ledger contained 486 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 and Public Purpose Trust - 3 funds
 - (2) Special Revenue Funds
 - Mental Health Services Act - 1 fund
 - Flood Control District - 3 funds
 - Other Public Protection – 35 funds
- b. Other Governmental Funds
 - (1) Special Revenue - 55 funds
 - (2) Debt Service - 5 funds
 - (3) Capital Project - 4 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 - 10 funds
- e. Fiduciary Funds
 - (1) Private Purpose Trust - 6 funds (3 funds were added in FY 2011-12 to account for the OCDA Redevelopment Successor Agency)
 - (2) Investment Trust - 141 funds
 - (3) Pension Trust & Other Employee Benefits - 6 funds
 - (4) Agency - 198 funds
- f. Discrete Component Unit Fund - 2 funds (CalOptima is not maintained in the general ledger but discretely presented in the County's CAFR.)

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 Vendor.

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

The County Project Manager shall be apprised of and shall approve potential audit adjusting entries, and maintain and make available County general accounting records necessary for conducting the CAFR sub-project.

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

- a. From Contract Award Date to July 31, 2018 - The Vendor 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, 2018 - The County's "budgetary" accounts (estimated revenues, appropriations and encumbrances) are scheduled to be closed for FY 2017-2018 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, 2018 - The County's general accounting records are scheduled to be closed for FY 2017-2018 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, 2018 - The County provides draft Budgetary Statements/Schedules to external audit firm for audit on or about this date.
 - e. August 17 – October 8, 2018 – On or about these dates, the Vendor shall conduct fund level auditing procedures that will enable them to propose all FY 2017-2018 audit reclassifying and adjusting entries to the County's fund level basic financial statements.

Fluctuation analysis conducted by the Vendor shall be completed during this period. All reclassifying and adjusting entries which the Vendor proposes for the CAFR fund level financial statements as a result of auditing drafts of the CAFR, 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, 2018 - The County plans to complete a comprehensive draft of the CAFR and submit it to the Vendor for review on or about this date.
 - g. December 3, 2018 – External Audit Firm provides management representation letter to County for signatures on or about this date.
 - h. November 16 - December 13, 2018 - The Vendor shall analyze the entire CAFR, and recommend any revisions deemed necessary to the County, on or about these dates. The Vendor shall perform both partner-level and manager-level reviews of the CAFR for compliance with the most recent GFOA Special Review Committee Checklist as part of this analysis.
 - i. December 17, 2018 - The Vendor shall sign and submit the report on the examination of the County's FY 2017-2018 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 CAFR to the printer.
6. The County intends to file its FY 2017-2018 CAFR with the GFOA with the intent of receiving a "Certificate of Achievement for Excellence in Financial Reporting."

The Vendor 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 Vendor 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 2018-2019 and 2019-2020 CAFR with the GFOA as well; therefore, the Vendor shall strictly adhere to the performance deadlines established by the County Project Manager. The performance deadlines for Fiscal Years 2018-2019 and 2019-2020 will approximate the same annual schedule as set forth herein for FY 2017-2018.
8. The County's Auditor-Controller Internal Audit Division is committed to providing 600 hours of auditing field work performed by its professional staff at a minimum level of Accountant-Auditor I to assist with the audit. All audits performed by the Internal Audit Division shall follow 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 2017-18 and subsequent years.

B. Audit of Investment Trust Funds

1. For each fiscal year being audited, the Vendor 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, and 79. The Investment Trust Funds financial statements will be reported in the CAFR.
2. The Vendor shall submit separate invoices for fees associated with auditing the Investment Trust Financial Statements.
3. The Vendor 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 Funds

1. For each fiscal year being audited, the Vendor 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 CAFR.
2. The Vendor shall submit separate invoices for fees associated with auditing the OPEB Trust Financial Statements.
3. The Vendor 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 Vendor 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 2017-18 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 CAFR.

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 Vendor 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 Vendor 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 Vendor in a form or content not in compliance with said laws, regulations, and statutes.

However, if the County had information needed to enable the Vendor 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 Vendor, the Vendor 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 Vendor's use in this sub-project and for inclusion with the auditor's report.
3. The County Project Manager will coordinate all County activities necessary for completion of the Single Audit Reports. Prior to the issuance of the final reports, the Vendor shall meet with the County Project 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 2017-2018 shall be delivered to the Auditor-Controller on or before March 28 2019. Distribution shall be made by the Auditor-Controller.
6. For Fiscal Years 2018-2019 and 2019-2020, 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 Vendor 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 Vendor 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 2017-2018 will be available to the Vendor on or about January 1, 2019.
4. Five (5) hard copies and a PDF file of the agreed-upon procedure report for FY 2017-2018 shall be delivered to the Auditor-Controller no later than March 31, 2019.

The report shall be addressed to:

Orange County Housing Authority

5. For Fiscal Years 2018-2019 and 2019-2020, the Vendor 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 Vendor 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 Vendor shall deliver a draft copy to the County Project Manager for review.
 3. The Vendor 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 Vendor 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 Vendor 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 2017-18 and subsequent years.

The Vendor 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 2017-2018 will not be available to the Vendor before September 28, 2018.

The County Project Manager 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 Vendor shall meet with the County Project 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 2017-2018 shall be delivered to the County Project Manager no later than December 18, 2018. Distribution shall be made by the County Project Manager.

4. For Fiscal Years 2018-2019 and 2019-2020, the Vendor 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 2019 and 2020.

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

1. The Vendor 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 Vendor 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 2017-2018 will be available to the Vendor to begin the audit by September 28, 2018.
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 2017-2018 shall be delivered to the County Project Manager no later than December 18, 2018. Distribution shall be made by the County Project Manager.
6. For Fiscal Years 2018-2019 and 2019-2020, the Vendor 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 2019 and 2020.

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

1. For each fiscal year being audited, the Vendor 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 2017-18 and subsequent years.
2. The Vendor 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 2017-2018 will not be available to the Vendor before September 28, 2018.

The County Project Manager will maintain and make available County accounting records necessary for examination of OCWR’s accounting records. Before issuing the final report, the Vendor shall meet with the County Project 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 2017-2018 shall be delivered to the County Project Manager no later than December 18, 2018. Distribution shall be made by the County Project Manager.
6. For Fiscal Years 2018-2019 and 2019-2020, the Vendor 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 2019 and mid-December 2020.

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

1. For each fiscal year being audited, the Vendor 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 2017-18 and subsequent years.

The Vendor 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 2017-2018 will not be available to the Vendor before September 28, 2018.

The County Project Manager will maintain and make available County accounting records necessary for examination of the OCDA Redevelopment Successor Agency. Before issuing the final report, the Vendor shall meet with the County Project Manager 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 2017-2018 shall be delivered to the Auditor-Controller no later than December 18, 2018. Distribution shall be made by the Auditor-Controller.
5. For Fiscal Years 2018-2019 and 2019-2020, the Vendor 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 2019 and 2020.

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

1. For each fiscal year audited, the Vendor 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 Vendor 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 2017-2018 will be available to the Vendor to begin the agreed-upon procedures by August 3, 2018.

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 Vendor 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 2017-2018 shall be delivered to the Auditor-Controller no later than November 28, 2018. Distribution shall be made by the Auditor-Controller.
5. For Fiscal Years 2018-2019 and 2019-2020, the Vendor shall strictly adhere to the performance deadlines for this sub-project to be established by the County Project Manager. The agreed-

upon procedures report for these fiscal years shall be completed by the end of November in 2019 and the end of November in 2020.

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

1. For each fiscal year audited, the Vendor 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 Vendor 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 2017-2018 shall be delivered to the Auditor-Controller no later than September 14, 2018. Distribution shall be made by the Auditor-Controller.
5. For Fiscal Years 2018-2019 and 2019-2020, the Vendor 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-September 2019 and 2020.

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

1. For each fiscal year audited, the Vendor 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 Vendor 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 2017-2018 shall be delivered to the Auditor-Controller no later than September 14, 2018. Distribution shall be made by the Auditor-Controller.
5. For Fiscal Years 2018-2019 and 2019-2020, the Vendor 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-September 2019 and 2020.

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, 2018, 2019, and 2020.
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, 2018, 2019, and 2020.
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, 2018, 2019, and 2020.
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, 2018, 2019, and 2020.
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 Vendor.
2. The Vendor shall perform a financial audit of Schedule of Assets for the fiscal years ending June 30 of 2018, 2019, and 2020, with renewal options for 2021 and 2022, on behalf of the County Auditor-Controller as required by California Government Code Section 26920 (b).
3. The Vendor 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 Vendor 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 Internal Audit.
9. For Fiscal Year 2017-18, the due date for the final audit report will be January 31, 2019. For fiscal years 2018-2019 and 2019-2020, 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 Vendor 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 Vendor'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 Vendor 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 Vendor 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 Vendor 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 Vendor. Costs associated with the Uniform Guidance shall be based on the Vendor's rates specified in Attachment B – Cost/Compensation.

Q. Annual Treasurer's Compliance Audit (Optional Deliverable)

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

1. The Vendor is responsible for conducting the annual audit of the Treasurer's compliance with California Government Code 27130 – 27137 and the IPS for all pooled and non-pooled investments, including the Orange County Investment Pool, Orange County Educational Investment Pool, and John Wayne Airport Investment Fund, for the years ended June 30, 2018, 2019 and 2020, with renewal options for 2021 and 2022. At the conclusion of the audit, the Vendor shall issue their report addressed to the TOC Chair with a cc to the Treasurer and make a presentation of such report at a Treasury Oversight Committee (TOC) meeting.
2. If conditions are discovered which lead to the belief that material errors, defalcations or other irregularities may exist, or if any other circumstances are encountered that require extended services, the Vendor will promptly advise the TOC Chairman and the Treasurer. No extended services will be performed unless such are authorized in a contractual agreement, or in an Amendment to the Agreement.
3. **Background:** The TOC has engaged the Auditor-Controller's Internal Audit Division to perform continuous monitoring of investment compliance with certain areas of the IPS on a monthly basis using a judgmentally selected sample of days per month. The compliance monitoring results are published quarterly by the Auditor-Controller and these reports are also included in the Treasurer's monthly investment report and are available on the Treasurer's website.

The Orange County Auditor-Controller Internal Audit Division also conducted the annual compliance audit in recent years and these reports are available on the Treasurer's website.

R. Consent Review (Optional Deliverable)

Upon written request from the County Project Manager, Vendor shall perform the services in this Section R 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 Vendor'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 Vendor shall perform a consent review upon request of the Auditor-Controller as necessary to allow the use of the Vendor'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 Vendor will manually sign a document authorizing the County to use the Vendor's opinion in connection with any borrowing.

S. Communications

1. The Vendor 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 Vendor 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.

T. Project Progress

1. The Vendor 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 Vendor may request a meeting at any time during the term of this Contract.
2. The Vendor 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 Vendor 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 Vendor shall not be entitled to any other relief, or to any monetary damages whatsoever, as a result of such delay.

U. 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.

V. 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 Vendor shall promptly advise the Auditor-Controller. No Extra Services shall be performed unless such are authorized in writing by the County Project Manager.
2. Vendor shall provide a written quote for any Extra Services requested by the County. Vendor's quote shall include the following information: Staff Classification and estimated number of hours required, and Vendor'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 to by the County, Vendor 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.

**ATTACHMENT B
COST/COMPENSATION**

- A. **Compensation:** This is a Not to Exceed Contract between the County and the Vendor for the Services as set forth in this Contract. The Vendor agrees to provide Services as outlined in Attachment A. The Vendor agrees to accept the specified compensation set forth in this Attachment B as full remuneration for performing all Services and furnishing all staffing and materials required, including any reasonably unforeseeable 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 Vendor of all its duties and obligations hereunder. The County shall have no obligation to pay any sum in excess of the total Contract amount specified herein, unless authorized by amendment in accordance with paragraph C of this Contract.

Vendor shall fully perform and complete its duties and obligations under this Contract, regardless of the number of man-hours required of the Vendor in effectuating such performance and completion. The Vendor shall not be entitled to reimbursement of expenses incurred in performance of this Contract. Vendor shall not rely on the total Not to Exceed 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 Not to Exceed price.

- B. **Not to Exceed Price:** The total Not to Exceed price for each fiscal year is as follows:

FY 2017-2018:	\$ 475,970
FY 2018-2019:	\$ 491,734
FY 2019-2020:	\$ 507,973
Total 3 year Expense:	\$1,475,677

- C. **Payment Terms:** Invoices are to be submitted in arrears to the user agency/department to the address below, unless otherwise directed in this Contract. Vendor shall reference Contract number on invoice. Payment will be net 30 days after receipt of an invoice in a format acceptable to the County and verified and approved by the County Project Manager and subject to routine processing requirements. The responsibility for providing an acceptable invoice rests with the Vendor.

Billing shall cover services and/or goods not previously invoiced. The Vendor shall reimburse the County for any monies paid to the Vendor 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 goods or services.

- D. **Invoicing Instructions:**

Invoices are to be submitted in arrears for services rendered, not more frequently than monthly. Invoices shall be mailed to the following address:

County of Orange
Auditor-Controller's Office
Attention: Manager, Financial Reporting and Mandated Cost Unit
12 Civic Center Plaza, Room 200,
P. O. Box 567
Santa Ana, CA 92702

The Vendor will provide an invoice on the Vendor's letterhead for goods delivered and/or services rendered. In the case of goods, the Vendor will leave an invoice with each delivery. Each invoice will have a number and will include the following information:

1. Vendor's name and address
2. Vendor's remittance address, if different than 1 above
3. Contract # MA-003-18011512
4. Vendor'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 Not to Exceed price for each subproject, including any Contract Amendments under paragraph 5)
7. Less retention % (see section F below)
8. Credits Used and Credit Balance Remaining.
9. Total Due to Vendor

E. 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.

F. Retention: A ten percent (10%) retention shall be withheld from each invoice by the Vendor. The Vendor 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:

- Subproject A, B, C, N, and P combined

shall be released thirty (30) days following submission by the Vendor of the signed report on the examination of the Comprehensive Annual Financial Report.

2. Retention relative to:

- Subproject D: Single Audit Reports

shall be released thirty (30) days following delivery by the Vendor of the final Single Audit Reports to the County.

3. Retention relative to:

- Subproject F: Management Letter

shall be released thirty (30) days following delivery by the Vendor of the final Management Letter to the County.

4. Retention relative to:

- Subproject G: Audit of John Wayne Airport, Orange County
- Subproject H: Audit of John Wayne Airport Passenger Facility Charge (PFC) Revenue
- Subproject I: Audit of the OC Waste & Recycling Department
- Subproject J: Audit of the OCDA Redevelopment Successor Agency
- Subproject O: Annual Financial Audit of the Treasurer's Schedule of Assets
- Subproject Q: Annual Treasurer's Compliance Audit

shall be released thirty (30) days following delivery to the County of each final audit report.

5. Retention relative to:

- Subproject E: Agreed-Upon Procedures for Attestation of Section 8 Cluster to HUD
- Subproject K: Agreed-Upon Procedures of Tobacco Settlement Revenue (TSR) Fund
- Subproject L and M combined: Agreed-Upon Procedures for Appropriations Limit Calculation for Orange County Flood Control District and Orange County
- Subproject N: Subsequent Events Review for CalOptima and County’s Basic Financial Statements
- Subproject R: Consent Review
- Subproject T: Project Progress

shall be released thirty (30) days following delivery by the Vendor of the final agreed-upon procedures letter to the County.

6. Retention relative to:

- Subproject V: Unusual Discoveries /Extra Services

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

G. 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 Vendor’s service.

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

FY 2017-2018

<u>Labor Classification</u>	<u>Fixed Rate per Hour</u>
Partner	230
Manager	195
Supervisor	145
Senior	120
Staff*	95
Paraprofessional	50

Fiscal Year 2018-2019

<u>Labor Classification</u>	<u>Fixed Rate per Hour</u>
Partner	237
Manager	201
Supervisor	149
Senior	124
Staff*	98
Paraprofessional	52

Fiscal Year 2019-2020

<u>Labor Classification</u>	<u>Fixed Rate per Hour</u>
Partner	244
Manager	207
Supervisor	153
Senior	128
Staff*	101
Paraprofessional	54

As reflected in Sections I, J and K, total labor classification staff hours are estimated at 1,255 hours. Of this amount, 600 hours will be provided by the Auditor-Controller Internal Audit Division (IAD) as direct assistance to the vendor audit team. For the direct assistance of an internal auditor at a minimum level of an Accountant-Auditor I, the County will be provided a discount, not to exceed \$45,000 per contract year. Vendor will apply the credit, on Vendor invoices, no later than the final invoice. The Vendor Project Manager will coordinate with the County Project Manager to determine the nature and timing of the work to be performed and to obtain time records supporting the time incurred by IAD. This credit shall not count toward the not to exceed (NTE) amount.

The rates shall apply to straight time and overtime alike. Travel time shall not be allowed.

H. 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 5 of the Contract.

I. Deliverable/Tasks – Fiscal Year 2017-2018 (Maximum Fee not to Exceed \$475,970).

Refer to Attachment A - Scope of Work, Item II, "Vendor'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:
Comprehensive Annual Financial Report (CAFR), communications, project progress meetings, guidance and advice on new authoritative pronouncements

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	234
Manager	444
Supervisor	466
Senior	560
Staff	630
Paraprofessional	18
Total:	\$ <u>230,000</u>

- 2. Subproject B: Audits of Investment Trust Funds:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	12
Manager	24
Supervisor	24
Senior	30
Staff	34
Paraprofessional	2
Total:	\$ <u>12,000</u>

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	18
Manager	34
Supervisor	36
Senior	42
Staff	48
Paraprofessional	2
Total:	\$ 18,000

4. Subproject D: Single Audit Reports:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	88
Manager	167
Supervisor	176
Senior	211
Staff	238
Paraprofessional	7
Total:	\$ 88,000

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
Supervisor	16
Senior	20
Staff	22
Paraprofessional	2
Total:	\$ 8,000

6. Subproject F: Management Letter:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	12
Manager	16
Supervisor	10
Senior	0
Staff	0
Paraprofessional	2
Total:	\$ 5,000

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	26
Manager	48
Supervisor	50
Senior	60
Staff	68
Paraprofessional	2
Total: \$ 25,200	

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	10
Manager	16
Supervisor	20
Senior	34
Staff	0
Paraprofessional	2
Total: \$ 7,500	

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	30
Manager	57
Supervisor	60
Senior	72
Staff	81
Paraprofessional	2
Total: \$ 30,000	

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	16
Manager	29
Supervisor	30
Senior	36
Staff	41
Paraprofessional	1
Total: \$ 15,000	

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	10
Manager	19
Supervisor	20
Senior	24
Staff	27
Paraprofessional	1
Total:	\$ 10,000

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
Supervisor	4
Senior	6
Staff	4
Paraprofessional	2
Total:	\$ 2,000

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	12
Supervisor	12
Senior	0
Staff	0
Paraprofessional	0
Total:	\$ 3,000

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
Supervisor	16
Senior	19
Staff	22
Paraprofessional	1
Total:	\$ 8,000

15. Subproject P: Training:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	7
Manager	6
Supervisor	0
Senior	0
Staff	0
Paraprofessional	1
Total: \$ <u> -</u>	

16. Subproject Q: Annual Treasurer’s Compliance Audit (Optional Deliverable):

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	12
Manager	22
Supervisor	22
Senior	28
Staff	30
Paraprofessional	2
Total: \$ <u> 12,000</u>	

17. Subproject R: Consent Review (Optional Deliverable):

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	4
Manager	8
Supervisor	8
Senior	10
Staff	10
Paraprofessional	2
Total: \$ <u> 4,000</u>	

18. Subproject V: Unusual Discoveries/Extra Services:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	TBD
Manager	TBD
Supervisor	TBD
Senior	TBD
Staff	TBD
Paraprofessional	TBD
Total: \$ <u> 43,270</u>	

19. Credit for 600 Internal Audit Hours \$(45,000)

J. Deliverable/Tasks – Fiscal Year 2018-2019 (Maximum Fee Not to Exceed \$491,734.

Refer to Attachment A - Scope of Work, Item II, "Vendor'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, S, T, and U, combined:</u> Comprehensive Annual Financial Report (CAFR), communications, project progress meetings, guidance and advice on new authoritative pronouncements	

<u>Labor Classification</u>	<u>Estimated # of Hours</u>	
<u>Partner</u>	<u>234</u>	
<u>Manager</u>	<u>444</u>	
<u>Supervisor</u>	<u>466</u>	
<u>Senior</u>	<u>560</u>	
<u>Staff</u>	<u>630</u>	
<u>Paraprofessional</u>	<u>18</u>	
Total:		<u>\$ 236,900</u>

2. Subproject B: Audits of Investment Trust Funds:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>	
<u>Partner</u>	<u>12</u>	
<u>Manager</u>	<u>24</u>	
<u>Supervisor</u>	<u>24</u>	
<u>Senior</u>	<u>30</u>	
<u>Staff</u>	<u>34</u>	
<u>Paraprofessional</u>	<u>2</u>	
Total:		<u>\$ 12,360</u>

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	18
Manager	34
Supervisor	36
Senior	42
Staff	48
Paraprofessional	2
Total: \$ 18,540	

4. Subproject D: Single Audit Reports:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	88
Manager	167
Supervisor	176
Senior	211
Staff	238
Paraprofessional	7
Total: \$ 90,640	

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
Supervisor	16
Senior	20
Staff	22
Paraprofessional	2
Total: \$ 8,240	

6. Subproject F: Management Letter:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>	
Partner	12	
Manager	16	
Supervisor	10	
Senior	0	
Staff	0	
Paraprofessional	2	
Total:		<u>\$ 5,150</u>

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>	
Partner	26	
Manager	48	
Supervisor	50	
Senior	60	
Staff	68	
Paraprofessional	2	
Total:		<u>\$ 25,956</u>

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>	
Partner	10	
Manager	16	
Supervisor	20	
Senior	34	
Staff	0	
Paraprofessional	2	
Total:		<u>\$ 7,725</u>

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>	
Partner	30	
Manager	57	
Supervisor	60	
Senior	72	
Staff	81	
Paraprofessional	2	
Total:		<u>\$ 30,900</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	16
Manager	29
Supervisor	30
Senior	36
Staff	41
Paraprofessional	1
Total:	\$ 15,450

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	10
Manager	19
Supervisor	20
Senior	24
Staff	27
Paraprofessional	1
Total:	\$ 10,300

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
Supervisor	4
Senior	6
Staff	4
Paraprofessional	2
Total:	\$ 2,060

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	12
Supervisor	12
Senior	0
Staff	0
Paraprofessional	0
Total:	\$ 3,090

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
Supervisor	16
Senior	19
Staff	22
Paraprofessional	1
Total:	\$ 8,240

15. Subproject P: Training:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	7
Manager	6
Supervisor	0
Senior	0
Staff	0
Paraprofessional	1
Total:	\$ -

16. Subproject Q: Annual Treasurer’s Compliance Audit (Optional Deliverable):

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	12
Manager	22
Supervisor	22
Senior	28
Staff	30
Paraprofessional	2
Total:	\$ 12,360

17. Subproject R: Consent Review (Optional Deliverable):

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	4
Manager	8
Supervisor	8
Senior	10
Staff	10
Paraprofessional	2
Total:	\$ 4,120

18. Subproject V: Unusual Discoveries/Extra Services:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	TBD
Manager	TBD
Supervisor	TBD
Senior	TBD
Staff	TBD
Paraprofessional	TBD

Total: \$ 44,703

19. Credit for 600 Internal Audit Hours

\$(45,000)

K. Deliverable/Tasks – Fiscal Year 2019-2020 (Maximum Fee Not to Exceed \$507,973).

Refer to Attachment A - Scope of Work, Item II, "Vendor'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, S, T, and U combined:</u>
Comprehensive Annual Financial Report (CAFR), communications, project progress meetings, guidance and advice on new authoritative pronouncements | |

<u>Labor Classification</u>	<u>Estimated # of Hours</u>	
Partner	234	
Manager	444	
Supervisor	466	
Senior	560	
Staff	630	
Paraprofessional	18	
Total:		\$ 244,007

2. Subproject B: Audits of Investment Trust Funds:

<u>Labor Classification</u>	<u>Estimated # of Hours</u>	
Partner	12	
Manager	24	
Supervisor	24	
Senior	30	
Staff	34	
Paraprofessional	2	
Total:		\$ 12,731

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>	
Partner	18	
Manager	34	
Supervisor	36	
Senior	42	
Staff	48	
Paraprofessional	2	
Total:		\$ 19,096

4. Subproject D: Single Audit Reports:

Labor Classification	Estimated # of Hours
Partner	88
Manager	167
Supervisor	176
Senior	211
Staff	238
Paraprofessional	7
Total:	
	\$ 93,359

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

Labor Classification	Estimated # of Hours
Partner	8
Manager	16
Supervisor	16
Senior	20
Staff	22
Paraprofessional	2
Total:	
	\$ 8,487

6. Subproject F: Management Letter:

Labor Classification	Estimated # of Hours
Partner	12
Manager	16
Supervisor	10
Senior	0
Staff	0
Paraprofessional	2
Total:	
	\$ 5,305

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

Labor Classification	Estimated # of Hours
Partner	26
Manager	48
Supervisor	50
Senior	60
Staff	68
Paraprofessional	2
Total:	
	\$ 26,735

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	10
Manager	16
Supervisor	20
Senior	34
Staff	0
Paraprofessional	2
Total:	\$ 7,957

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	30
Manager	57
Supervisor	60
Senior	72
Staff	81
Paraprofessional	2
Total:	\$ 31,827

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	16
Manager	29
Supervisor	30
Senior	36
Staff	41
Paraprofessional	1
Total:	\$ 15,914

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

<u>Labor Classification</u>	<u>Estimated # of Hours</u>
Partner	10
Manager	19
Supervisor	20
Senior	24
Staff	27
Paraprofessional	1
Total:	\$ 10,609

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

Labor Classification	Estimated # of Hours
Partner	2
Manager	4
Supervisor	4
Senior	6
Staff	4
Paraprofessional	2
Total:	\$ 2,122

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

Labor Classification	Estimated # of Hours
Partner	6
Manager	12
Supervisor	12
Senior	0
Staff	0
Paraprofessional	0
Total:	\$ 3,183

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

Labor Classification	Estimated # of Hours
Partner	8
Manager	15
Supervisor	16
Senior	19
Staff	22
Paraprofessional	1
Total:	\$ 8,487

15. Subproject P: Training:

Labor Classification	Estimated # of Hours
Partner	7
Manager	6
Supervisor	0
Senior	0
Staff	0
Paraprofessional	1
Total:	\$ -

16. Subproject Q: Annual Treasurer’s Compliance Audit (Optional Deliverable):

Labor Classification	Estimated # of Hours	
Partner	12	
Manager	22	
Supervisor	22	
Senior	28	
Staff	30	
Paraprofessional	2	
	Total:	\$ 12,731

17. Subproject R: Consent Review (Optional Deliverable):

Labor Classification	Estimated # of Hours	
Partner	4	
Manager	8	
Supervisor	8	
Senior	10	
Staff	10	
Paraprofessional	2	
	Total:	\$ 4,244

18. Subproject V: Unusual Discoveries/Extra Services:

Labor Classification	Estimated # of Hours	
Partner	TBD	
Manager	TBD	
Supervisor	TBD	
Senior	TBD	
Staff	TBD	
Paraprofessional	TBD	
	Total:	\$ 46,179

19. Credit for 600 Internal Audit Hours \$(45,000)

ATTACHMENT C
COUNTY PROVIDED RESOURCES

Vendor 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 Vendor 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 County Project Manager shall provide such assistance as required, and shall designate other support personnel within the County whom the Vendor 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 Vendor'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. Access to a photocopy machine will be provided.
4. **PAID PARKING SHALL NOT BE PROVIDED BY THE COUNTY TO THE VENDOR.** Several parking lots are located within the Santa Ana Civic Center Area; monthly passes are available for some lots.

**ATTACHMENT D
PROJECT PLAN / TIMELINE**

Vendor'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 Vendor 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 2017-2018. A similar schedule for the audits of each of the remaining years of this Contract, Fiscal Years 2018-2019 and 2019-2020, shall be on or around the same completion date for the audit of Fiscal Year 2017-2018.

1. SUBPROJECT A – FY 2017-2018 Comprehensive Annual Financial Report (CAFR)

<u>Milestone</u>	<u>Completion Date</u>
Planning and Interim Audit Procedures	To be determined
Review Preliminary Fund Level CAFR Components	October 8, 2018
Review Final Draft of CAFR	December 13, 2018
Sign and Submit Report on Examination of Financial Statements	December 17, 2018
<u>Deliverable</u>	<u>Due on or Before</u>
Vendor shall analyze partial CAFR 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 8, 2018
Vendor shall analyze entire CAFR and basic financial statements and recommend any revisions deemed necessary.	December 13, 2018
Vendor shall sign and submit its report on the examination of the financial statements.	December 17, 2018

2. SUBPROJECT B – FY 2017-2018 Audit of Investment Trust Funds

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

3. SUBPROJECT C – FY 2017-2018 Audit of Pension and Other Postemployment Benefit Trust Funds

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

4. SUBPROJECT D – FY 2017-2018 Single Audit Reports

<u>Milestone</u>	<u>Completion Date</u>
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Planning and Interim Audit Procedures	To be determined
Fiscal Year-end Work	January 31, 2019
Deliver Drafts of Reports	February 28, 2019
Deliver Single Audit Reports	March 28, 2019

Deliverable**Due on or before**

Vendor shall deliver Single Audit Reports to the County Auditor-Controller.	March 28, 2019
Service warranty work as required by the County or Federal Government.	To be determined

5. **SUBPROJECT E – FY 2017-2018 Agreed-Upon Procedures for Attestation of Section 8 Cluster to HUD**

Milestone**Completion Date**

Interim Procedures	To be determined
Deliver Draft Letter	March 18, 2019
Deliver Final Letter	March 31, 2019

Deliverable**Due on or before**

Vendor shall deliver agreed-upon procedures letter to the County Auditor-Controller.	March 31, 2019
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6. **SUBPROJECT F – FY 2017-2018 Management Letter**

Milestone**Completion Date**

Prepare Management Letter	January 31, 2019
Deliver Draft of Management Letter	February 28, 2019
Deliver Management Letter	January 31, 2019

Deliverable**Due on or before**

Vendor shall deliver Management Letter to the County Auditor-Controller.	March 22, 2019
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7. **SUBPROJECT G – FY 2017-2018 Audit of John Wayne Airport, Orange County**

Milestone**Completion Date**

Interim Audit Procedures	To be determined
Fiscal Year-End Work	November 20, 2018
Deliver Draft Report	December 4, 2018
Deliver Audit Report	December 18, 2018

Deliverable**Due on or before**

Vendor shall deliver audit report to the County Auditor-Controller. December 18, 2018

8. SUBPROJECT H – FY 2017-2018 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, 2018
Deliver Draft Report	December 4, 2018
Deliver Audit Report	December 18, 2018

Deliverable**Due on or before**

Vendor shall deliver audit report to the County Auditor-Controller. December 18, 2018

9. SUBPROJECT I – FY 2017-2018 Audit of the OC Waste & Recycling Department

Milestone**Completion Date**

Interim Audit Procedures	To be determined
Fiscal Year-End Work	November 20, 2018
Deliver Draft Report	December 4, 2018
Deliver Audit Report	December 18, 2018

Deliverable**Due on or before**

Vendor shall deliver audit report to the County Auditor-Controller. December 18, 2018

10. SUBPROJECT J – FY 2017-2018 Audit of the OCDA Redevelopment Successor Agency

Milestone**Completion Date**

Interim Audit Procedures	To be determined
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Fiscal Year-End Work	To be determined
Deliver Draft Report	November 25, 2018
Deliver Audit Report	December 18, 2018
<u>Deliverable</u>	<u>Due on or before</u>
Vendor shall deliver audit report to the County Auditor-Controller.	December 18, 2018
11. <u>SUBPROJECT K – FY 2017-2018 Agreed-Upon Procedures of Tobacco Settlement Revenue (TSR) Fund</u>	
<u>Milestone</u>	<u>Completion Date</u>
Interim Procedures	To be determined
Deliver Draft Letter	November 14, 2018
Deliver Final Letter	November 28, 2018
<u>Deliverable</u>	<u>Due on or before</u>
Vendor shall deliver agreed-upon procedures letter to the County Auditor-Controller.	November 28, 2018
12. <u>SUBPROJECT L & M – FY 2017-2018 Agreed-Upon Procedures of Appropriations Limit Calculation</u>	
<u>Milestone</u>	<u>Completion Date</u>
Interim Procedures	To be determined
Deliver Draft Letter	August 31, 2018
Deliver Final Letter	September 14, 2018
<u>Deliverable</u>	<u>Due on or before</u>
Vendor shall deliver agreed-upon procedures letter to the County Auditor-Controller.	September 14, 2018
13. <u>SUBPROJECT N – FY 2017-2018 Subsequent Review of CalOptima and County’s Basic Financial Statements</u>	
<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>
	Vendor shall deliver agreed-upon procedures letter to the County Auditor-Controller.	To be determined
14.	<u>SUBPROJECT O – FY 2017-2018 Annual Financial Audit of the Treasurer’s Schedule of Assets</u>	
	<u>Milestone</u>	<u>Completion Date</u>
	Interim Procedures	To be determined
	Deliver Draft Letter	January 17, 2019
	Deliver Final Letter	January 31, 2019
	<u>Deliverable</u>	<u>Due on or before</u>
	Vendor shall deliver agreed-upon procedures letter to the County Auditor-Controller.	January 31, 2019
15.	<u>SUBPROJECT P – FY 2017-2018 Training</u>	
	<u>Milestone</u>	<u>Completion Date</u>
	Training course materials approved by County	To be determined
	Training course completed	June 30, 2018
	<u>Deliverable</u>	<u>Due on or before</u>
	Vendor shall deliver training course materials to the County Auditor-Controller.	June 30, 2018
16.	<u>SUBPROJECT Q – FY 2017-2018 Annual Treasurer’s Compliance Audit</u>	
	<u>Milestone</u>	<u>Completion Date</u>
	Interim Procedures	To be determined
	Deliver Draft Letter	To be determined
	Deliver Final Letter	To be determined

Deliverable

Vendor shall deliver audit report to the
County Treasurer-Tax Collector.

Due on or before

To be determined

**ATTACHMENT E
ORGANIZATION CHART AND STAFFING PLAN**

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

NAME	CLASSIFICATION
Roger Alfaro, CPA	Partner
David Showalter, CPA	Partner
Kinnaly Soukhaseum, CPA	Partner
Jessica Andersen, CPA	Partner
Phillip White, CPA	Partner
Tyler Tobin	Partner
Erika Partida, CPA	Manager
Alice Hui, CPA	Manager
James Ramsey, CPA	Manager
Karlee Ransom, CPA	Manager
Stephanie Sarian, CPA	Manager
Lauryn Stapleton, CPA	Manager
Chad Birdsong, CPA	Supervisor
Renita Dukes, CPA	Supervisor
Ethel Corral	Supervisor
Thomas Bowen, CPA	Supervisor

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 in Paragraph B, shall have the same meaning given to such terms under the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 (“HIPAA”), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 (“the HITECH Act”), and their implementing regulations at 45 CFR Parts 160 and 164 (“the HIPAA regulations”) as they may exist now or be hereafter amended.

2. The Parties agree that a business associate relationship under HIPAA, the HITECH Act, and the HIPAA regulations between the Vendor and County arises to the extent that Vendor performs, or delegates to subcontractors to perform, functions or activities on behalf of County pursuant to, and as set forth in, the Contract that are described in the definition of “Business Associate” in 45 CFR § 160.103.

3. The County wishes to disclose to Vendor certain information pursuant to the terms of the Contract, some of which may constitute Protected Health Information (“PHI”), as defined below in Subparagraph B.10, to be used or disclosed in the course of providing services and activities pursuant to, and as set forth, in the Contract.

4. The Parties intend to protect the privacy and provide for the security of PHI that may be created, received, maintained, transmitted, used, or disclosed pursuant to the Contract in compliance with the applicable standards, implementation specifications, and requirements of HIPAA, the HITECH Act, and the HIPAA regulations as they may exist now or be hereafter amended.

5. The Parties understand and acknowledge that HIPAA, the HITECH Act, and the HIPAA regulations do not pre-empt any state statutes, rules, or regulations that are not otherwise pre-empted by other Federal law(s) and impose more stringent requirements with respect to privacy of PHI.

6. The Parties understand that the HIPAA Privacy and Security rules, as defined below in Subparagraphs B.9 and B.14, apply to the Vendor in the same manner as they apply to a covered entity (County). Vendor agrees therefore to be in compliance at all times with the terms of this Business Associate Contract and the applicable standards, implementation specifications, and requirements of the Privacy and the Security rules, as they may exist now or be hereafter amended, with respect to PHI and electronic PHI created, received, maintained, transmitted, used, or disclosed pursuant to the Contract.

B. DEFINITIONS

1. “Administrative Safeguards” are administrative actions, and policies and procedures, to manage the selection, development, implementation, and maintenance of security measures to protect electronic PHI and to manage the conduct of Vendor’s workforce in relation to the protection of that information.

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

a. Breach excludes:

i. Any unintentional acquisition, access, or use of PHI by a workforce member or person

acting under the authority of Vendor or County , 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.

ii. Any inadvertent disclosure by a person who is authorized to access PHI at Vendor to another person authorized to access PHI at the Vendor, or organized health care arrangement in which County participates, and the information received as a result of such disclosure is not further used or disclosed in a manner not permitted under the HIPAA Privacy Rule.

iii. A disclosure of PHI where Vendor or County 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.

b. Except as provided in paragraph (a) of this definition, an acquisition, access, use, or disclosure of PHI in a manner not permitted under the HIPAA Privacy Rule is presumed to be a breach unless Vendor demonstrates that there is a low probability that the PHI has been compromised based on a risk assessment of at least the following factors:

i. The nature and extent of the PHI involved, including the types of identifiers and the likelihood of re-identification;

ii. The unauthorized person who used the PHI or to whom the disclosure was made;

iii. Whether the PHI was actually acquired or viewed; and

iv. The extent to which the risk to the PHI has been mitigated.

3. “Data Aggregation” shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 164.501.

4. “Designated Record Set” shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 164.501.

5. “Disclosure” shall have the meaning given to such term under the HIPAA regulations in 45 CFR § 160.103.

6. “Health Care Operations” shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 164.501.

7. “Individual” shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).

8. “Physical Safeguards” are physical measures, policies, and procedures to protect Vendor’s electronic information systems and related buildings and equipment, from natural and environmental hazards, and unauthorized intrusion.

9. “The HIPAA 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.

10. “Protected Health Information” or “PHI” shall have the meaning given to such term under the HIPAA regulations in 45 CFR § 160.103.

11. “Required by Law” shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 164.103.

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

13. “Security Incident” means attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system. “Security incident” 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 Vendor.

14. “The HIPAA Security Rule” shall mean the Security Standards for the Protection of electronic PHI at 45 CFR Part 160, Part 162, and Part 164, Subparts A and C.

15. “Subcontractor” shall have the meaning given to such term under the HIPAA regulations in 45 CFR § 160.103.

16. “Technical safeguards” means the technology and the policy and procedures for its use that protect electronic PHI and control access to it.

17. “Unsecured PHI” or “PHI that is unsecured” means PHI 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.

18. “Use” shall have the meaning given to such term under the HIPAA regulations in 45 CFR § 160.103.

C. OBLIGATIONS AND ACTIVITIES OF VENDOR AS BUSINESS ASSOCIATE:

1. Vendor agrees not to use or further disclose PHI County discloses to Vendor other than as permitted or required by this Business Associate Contract or as required by law.

2. Vendor agrees to use appropriate safeguards, as provided for in this Business Associate Contract and the Contract, to prevent use or disclosure of PHI County discloses to Vendor or Vendor creates, receives, maintains, or transmits on behalf of County other than as provided for by this Business Associate Contract.

3. Vendor agrees to comply with the HIPAA Security Rule at Subpart C of 45 CFR Part 164 with respect to electronic PHI County discloses to Vendor or Vendor creates, receives, maintains, or transmits on behalf of County.

4. Vendor agrees to mitigate, to the extent practicable, any harmful effect that is known to Vendor of a Use or Disclosure of PHI by Vendor in violation of the requirements of this Business Associate Contract.

5. Vendor agrees to report to County immediately any Use or Disclosure of PHI not provided for by this Business Associate Contract of which Vendor becomes aware. Vendor must report Breaches of Unsecured PHI in accordance with Paragraph E below and as required by 45 CFR § 164.410.

6. Vendor agrees to ensure that any Subcontractors that create, receive, maintain, or transmit PHI on behalf of Vendor agree to the same restrictions and conditions that apply through this Business Associate Contract to Vendor with respect to such information.

7. Vendor 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 § 164.524.

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

9. Vendor agrees to make internal practices, books, and records, including policies and procedures, relating to the use and disclosure of PHI received from, or created or received by Vendor 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 HIPAA Privacy Rule.

10. Vendor agrees to document any Disclosures of PHI County discloses to Vendor or Vendor creates, receives, maintains, or transmits on behalf of County, 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 § 164.528.

11. Vendor 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 the 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 § 164.528.

12. Vendor agrees that to the extent Vendor carries out County's obligation under the HIPAA Privacy and/or Security rules Vendor will comply with the requirements of 45 CFR Part 164 that apply to County in the performance of such obligation.

13. Vendor shall work with County upon notification by Vendor to County of a Breach to properly determine if any Breach exclusions exist as defined in Subparagraph B.2.a above.

D. SECURITY RULE

1. Vendor shall comply with the requirements of 45 CFR § 164.306 and establish and maintain appropriate Administrative, Physical and Technical Safeguards in accordance with 45 CFR § 164.308, § 164.310, § 164.312, and § 164.316 with respect to electronic PHI County discloses to Vendor or Vendor creates, receives, maintains, or transmits on behalf of County. Vendor shall follow generally accepted system security principles and the requirements of the HIPAA Security Rule pertaining to the security of electronic PHI.

2. Vendor shall ensure that any subcontractors that create, receive, maintain, or transmit electronic PHI on behalf of Vendor agree through a contract with Vendor to the same restrictions and requirements contained in this Paragraph D of this Business Associate Contract.

3. Vendor shall report to County immediately any Security Incident of which it becomes aware. Vendor shall report Breaches of Unsecured PHI in accordance with Paragraph E below and as required by 45 CFR § 164.410.

E. BREACH DISCOVERY AND NOTIFICATION

1. Following the discovery of a Breach of Unsecured PHI, Vendor 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.

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

b. Vendor 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 Vendor, as determined by federal common law of agency.

2. Vendor shall provide the notification of the Breach immediately to the County at:

Agency/Department	Or Agency/Department
Address	Address
City, State	City, State
Phone Number	Phone Number
Email Address	Email Address

a. Vendor’s notification may be oral, but shall be followed by written notification within 24 hours of the oral notification.

3. Vendor’s notification shall include, to the extent possible:

a. The identification of each Individual whose Unsecured PHI has been, or is reasonably believed by Vendor 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 under 45 CFR §164.404 (c) at the time Vendor 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 PHI 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 Vendor 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.

4. County may require Vendor 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.

5. In the event that Vendor is responsible for a Breach of Unsecured PHI in violation of the HIPAA Privacy Rule, Vendor shall have the burden of demonstrating that Vendor made all notifications to County

consistent with this Paragraph E and as required by the Breach notification regulations, or, in the alternative, that the acquisition, access, use, or disclosure of PHI did not constitute a Breach.

6. Vendor shall maintain documentation of all required notifications of a Breach or its risk assessment under 45 CFR § 164.402 to demonstrate that a Breach did not occur.

7. Vendor shall provide to County all specific and pertinent information about the Breach, including the information listed in Section E.3.b.(1)-(5) above, if not yet provided, to permit County to meet its notification obligations under Subpart D of 45 CFR Part 164 as soon as practicable, but in no event later than fifteen (15) calendar days after Vendor's initial report of the Breach to County pursuant to Subparagraph E.2 above.

8. Vendor shall continue to provide all additional pertinent information about the Breach to County as it may become available, in reporting increments of five (5) business days after the last report to County. Vendor 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.

9. Vendor 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 VENDOR

1. Vendor may use or further disclose PHI County discloses to Vendor as necessary to perform functions, activities, or services for, or on behalf of, County as specified in the Contract, provided that such use or Disclosure would not violate the HIPAA Privacy Rule if done by County except for the specific Uses and Disclosures set forth below.

a. Vendor may use PHI County discloses to Vendor, if necessary, for the proper management and administration of Vendor.

b. Vendor may disclose PHI County discloses to Vendor for the proper management and administration of Vendor or to carry out the legal responsibilities of Vendor, if:

i. The Disclosure is required by law; or

ii. Vendor 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 and the person immediately notifies Vendor of any instance of which it is aware in which the confidentiality of the information has been breached.

c. Vendor may use or further disclose PHI County discloses to Vendor to provide Data Aggregation services relating to the Health Care Operations of Vendor.

2. Vendor may use PHI County discloses to Vendor, if necessary, to carry out legal responsibilities of Vendor.

3. Vendor may use and disclose PHI County discloses to Vendor consistent with the minimum necessary policies and procedures of County.

4. Vendor may use or disclose PHI County discloses to Vendor as required by law.

G. OBLIGATIONS OF COUNTY

1. County shall notify Vendor of any limitation(s) in County's notice of privacy practices in accordance with 45 CFR § 164.520, to the extent that such limitation may affect Vendor's Use or Disclosure of PHI.

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

3. County shall notify Vendor of any restriction to the Use or Disclosure of PHI that County has agreed to in accordance with 45 CFR § 164.522, to the extent that such restriction may affect Vendor's Use or Disclosure of PHI.

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

H. BUSINESS ASSOCIATE TERMINATION

1. Upon County's knowledge of a material breach or violation by Vendor of the requirements of this Business Associate Contract, County shall:

a. Provide an opportunity for Vendor to cure the material breach or end the violation within thirty (30) business days; or

b. Immediately terminate the Contract, if Vendor is unwilling or unable to cure the material breach or end the violation within (30) days, provided termination of the Contract is feasible.

2. Upon termination of the Contract, Vendor shall either destroy or return to County all PHI Vendor received from County or Vendor created, maintained, or received on behalf of County in conformity with the HIPAA Privacy Rule.

a. This provision shall apply to all PHI that is in the possession of Subcontractors or agents of Vendor.

b. Vendor shall retain no copies of the PHI.

c. In the event that Vendor determines that returning or destroying the PHI is not feasible, Vendor 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, Vendor shall extend the protections of this Business Associate Contract to such PHI and limit further Uses and Disclosures of such PHI to those purposes that make the return or destruction infeasible, for as long as Vendor maintains such PHI.

3. The obligations of this Business Associate Contract shall survive the termination of the Contract.