

540



SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SUBMITTAL DATE:
May 7, 2014

FROM: Auditor-Controller

SUBJECT: APPROVAL OF THE AGREEMENT WITH BROWN ARMSTRONG ACCOUNTANCY CORPORATION TO PROVIDE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) SINGLE AUDIT ACT AUDITING SERVICES FOR THE AUDITOR-CONTROLLER FOR A 5 YEAR CONTRACT, ALL DISTRICTS, [\$1,100,000], source of funds: General Fund.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and execute the one-year professional service agreement with the option to renew the agreement for four additional years, in one-year periods, in the amount of \$210,000 for the 13/14 fiscal year with Brown Armstrong Accountancy Corporation:
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459, to exercise the renewal options, based on the availability of fiscal funding, sign amendments that do not change the substantive terms of the agreement, in the annual amounts:
 - Fiscal Year 2014/2015 \$215,000
 - Fiscal Year 2015/2016 \$220,000
 - Fiscal Year 2016/2017 \$225,000
 - Fiscal Year 2017/2018 \$230,000

BACKGROUND:
Summary

Paul Angulo
Paul Angulo, CPA, M.A.
Auditor-Controller

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 210,000	\$ 215,000	\$ 1,100,000	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 210,000	\$ 215,000	\$ 1,100,000	\$	

SOURCE OF FUNDS: Department budget
Budget Adjustment: No
For Fiscal Year: 13/14 - 17/18

C.E.O. RECOMMENDATION:

APPROVE
BY: *Karen L. Johnson*
Karen L. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Tavaglione and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Stone and Benoit
Nays: None
Absent: Ashley
Date: May 20, 2014
xc: Auditor, Purchasing

Kecia Harper-Ihem
Clerk of the Board
By: *Kecia Harper-Ihem*
Deputy

Prev. Agn. Ref.: | District: All | Agenda Number:

3-10

FORM APPROVED COUNTY COUNSEL
BY: *Mark Seller*
DATE: 5/12/14
FISCAL PROCEDURES APPROVED
BY: *Paul Angulo*
DATE: 5/12/14
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
MARK SELLER, ASSISTANT DIRECTOR
Purchasing: *Mark Seller*
Mark Seller, Assistant Director

- A-30
- Positions Added
- 4/5 Vote
- Change Order

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: APPROVAL OF THE AGREEMENT WITH BROWN ARMSTRONG ACCOUNTANCY
CORPORATION TO PROVIDE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) SINGLE
AUDIT ACT AUDITING SERVICES FOR THE AUDITOR-CONTROLLER FOR A 5 YEAR CONTRACT,
ALL DISTRICTS, [\$1,100,000], source of funds: General Fund.**

DATE: May 7, 2014

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

An external audit of the County's Comprehensive Annual Financial Report is required to determine if the County's financial statements are prepared in conformity with generally accepted accounting principles. An external audit is also required of the County's expenditure of federal awards. This is to determine whether or not there has been compliance with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and Public Law 98-502 (Title 31 U.S.C.A. Sections 7501 through 7505 inclusive), referred to herein as the "Act," and implementing Office of Management and Budget (OMB) Circular A-133.

Impact on Citizens and Businesses

There is no fiscal impact on the Citizens and Business of the County

SUPPLEMENTAL:

Contract History and Price Reasonableness

Purchasing released a Request for Proposal (ACARC-015) on behalf of the Auditor-Controller's Office, sending solicitations to eleven companies and advertising on the County's internet. The County received three bid responses to the RFP submitted by the vendors. An evaluation team consisting of personnel from the Auditor-Controller and RCA reviewed the proposals. The evaluation team reviewed and scored each proposal based on the bidders overall responsiveness to the requirements of the RFP, experience and ability, overall cost to the County, references, financial status, clarification, exceptions or deviations and credential, resumes, licenses, and certifications. Three responses were received by the County with an aggregate cost ranging from \$1,100,000 to \$1,564,677 for five years. The evaluation committee recommends that the award be given to Brown Armstrong Accountancy Corporation as the lowest responsive/responsible vendor with an aggregate contract price of \$1,100,000, for five years.

PROFESSIONAL SERVICE AGREEMENT
for
COMPREHENSIVE ANNUAL FINANCIAL AUDIT (CAFR)
AND SINGLE AUDIT ACT SERVICES

between

COUNTY OF RIVERSIDE

and

BROWN ARMSTRONG ACCOUNTANCY CORPORATION



TABLE OF CONTENTS

<u>SECTION HEADING</u>	<u>PAGE NUMBER</u>
1. Description of Services.....	3
2. Period of Performance	3
3. Compensation	3
4. Alteration or Changes to the Agreement	5
5. Termination	5
6. Ownership/Use of Contract Materials and Products	6
7. Conduct of Contractor	6
8. Inspection of Service: Quality Control/Assurance	7
9. Independent Contractor	7
10. Subcontract for Work or Services.....	8
11. Disputes	8
12. Licensing and Permits	8
13. Use by Other Political Entities	9
14. Non-Discrimination	9
15. Records and Documents	9
16. Confidentiality	9
17. Administration/Contract Liaison	10
18. Notices.....	10
19. Force Majeure.....	11
20. EDD Reporting Requirements.....	11
21. Hold Harmless/Indemnification	11
22. Insurance	12
23. General	15
Exhibit A-Scope of Service	17
Exhibit B- Fee for Staff.....	23

This Agreement, made and entered into this ____ day of _____, 2014, by and between Brown Armstrong Accountancy Corporation (herein referred to as "CONTRACTOR"), and the COUNTY OF RIVERSIDE, a political subdivision of the State of California, (herein referred to as "COUNTY"). The parties agree as follows:

1. Description of Services

1.1 CONTRACTOR shall provide all services as outlined and specified in Exhibit A, Scope of Services, consisting of six (6) pages at the prices stated in Exhibit B, Payment Provisions, consisting of one (1) page.

1.2 CONTRACTOR represents that it has the skills, experience, and knowledge necessary to perform under this Agreement and the COUNTY relies upon this representation. CONTRACTOR shall perform to the satisfaction of the COUNTY and in conformance to and consistent with the highest standards of firms/professionals in the same discipline in the State of California.

1.3 CONTRACTOR affirms this it is fully apprised of all of the work to be performed under this Agreement; and the CONTRACTOR agrees it can properly perform this work at the prices stated in Exhibit B. CONTRACTOR is not to perform services or provide products outside of the Agreement.

1.4 Acceptance by the COUNTY of the CONTRACTOR's performance under this Agreement does not operate as a release of CONTRACTOR's responsibility for full compliance with the terms of this Agreement.

2. Period of Performance

2.1 This Agreement shall be effective upon signature of this Agreement by both parties and continue in effect through June 30, 2015 with the option to renew for four additional years, each year shall be renewable in one year increments by written amendment, unless terminated earlier. CONTRACTOR shall commence performance upon signature of this Agreement by both parties and shall diligently and continuously perform thereafter. The Riverside COUNTY Board of Supervisors is the only authority that may obligate the COUNTY for a non-cancelable multi-year agreement.

3. Compensation

3.1 The COUNTY shall pay the CONTRACTOR for services performed and expenses incurred in accordance with the terms of Exhibit B, Year 1: two hundred ten thousand dollars (\$210,000) including all expenses; Year 2: two hundred fifteen thousand dollars (\$215,000) including all expenses; Year 3: two hundred twenty thousand dollars (\$220,000) including all expenses; Year 4: two hundred twenty-five thousand dollars (\$225,000) including all expenses; and Year 5: two hundred thirty thousand dollars (\$230,000) including all expenses. The COUNTY is not responsible for any fees or costs incurred above or

beyond the contracted amount and shall have no obligation to purchase any specified amount of services or products.

3.2 No price increases will be permitted during the first year of this Agreement. All price decreases (for example, if CONTRACTOR offers lower prices to another governmental entity) will automatically be extended to the COUNTY. The COUNTY requires written proof satisfactory to COUNTY of cost increases prior to any approved price adjustment. After the first year of the award, a minimum of 30-days advance notice in writing is required to be considered and approved by COUNTY. No retroactive price adjustments will be considered. Any price increases must be stated in a written amendment to this Agreement. The net dollar amount of profit will remain firm during the period of the Agreement. Annual increases shall not exceed the Consumer Price Index- All Consumers, All Items – Greater Los Angeles, Riverside and Orange COUNTY areas of auditing services and be subject to satisfactory performance review by the COUNTY and approved (if needed) for budget funding by the Board of Supervisors.

3.3 CONTRACTOR shall be paid only in accordance with an invoice submitted to COUNTY by CONTRACTOR within fifteen (15) days from the last day of each calendar month, and COUNTY shall pay the invoice within thirty (30) working days from the date of receipt of the invoice. Payment shall be made to CONTRACTOR only after services have been rendered or delivery of materials or products, and acceptance has been made by COUNTY. Prepare invoices in duplicate. For this Agreement, send the original and duplicate copies of invoices to:

Auditor Controller
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502
Attn: Connie Bowen

- a) Each invoice shall contain a minimum of the following information: invoice number and date; remittance address; bill-to and ship-to addresses of ordering department/division; Agreement number (ACARC-94620-001-06/15); quantities; item descriptions, unit prices, extensions, sales/use tax if applicable, and an invoice total.
- b) Invoices shall be rendered monthly in arrears.

3.4 The COUNTY obligation for payment of this Agreement beyond the current fiscal year end is contingent upon and limited by the availability of COUNTY funding from which payment can be made. No legal liability on the part of the COUNTY shall arise for payment beyond June 30 of each calendar year unless funds are made available for such payment. In the event that such funds are not forthcoming for any

reason, COUNTY shall immediately notify CONTRACTOR in writing; and this Agreement shall be deemed terminated, have no further force, and effect.

4. Alteration or Changes to the Agreement

4.1 The Board of Supervisors and the COUNTY Purchasing Agent and/or his designee is the only authorized COUNTY representatives who may at any time, by written order, alter this Agreement. If any such alteration causes an increase or decrease in the cost of, or the time required for the performance under this Agreement, an equitable adjustment shall be made in the Agreement price or delivery schedule, or both, and the Agreement shall be modified by written amendment accordingly.

4.2 Any claim by the CONTRACTOR for additional payment related to this Agreement shall be made in writing by the CONTRACTOR within 30 days of when the CONTRACTOR has or should have notice of any actual or claimed change in the work, which results in additional and unanticipated cost to the CONTRACTOR. If the COUNTY Purchasing Agent decides that the facts provide sufficient justification, he may authorize additional payment to the CONTRACTOR pursuant to the claim. Nothing in this section shall excuse the CONTRACTOR from proceeding with performance of the Agreement even if there has been a change.

5. Termination

5.1. COUNTY may terminate this Agreement without cause upon 30 days written notice served upon the CONTRACTOR stating the extent and effective date of termination.

5.2 COUNTY may, upon five (5) days written notice terminate this Agreement for CONTRACTOR's default, if CONTRACTOR refuses or fails to comply with the terms of this Agreement or fails to make progress that may endanger performance and does not immediately cure such failure. In the event of such termination, the COUNTY may proceed with the work in any manner deemed proper by COUNTY.

5.3 After receipt of the notice of termination, CONTRACTOR shall:

- (a) Stop all work under this Agreement on the date specified in the notice of termination; and
- (b) Transfer to COUNTY and deliver in the manner as directed by COUNTY any materials, reports or other products, which, if the Agreement had been completed or continued, would have been required to be furnished to COUNTY.

5.4 After termination, COUNTY shall make payment only for CONTRACTOR's performance up to the date of termination in accordance with this Agreement and at the rates set forth in Exhibit B.

5.5 CONTRACTOR's rights under this Agreement shall terminate (except for fees accrued prior to the date of termination) upon dishonesty or a willful or material breach of this Agreement by CONTRACTOR; or in the event of CONTRACTOR's unwillingness or inability for any reason whatsoever to perform the terms of this Agreement. In such event, CONTRACTOR shall not be entitled to any further compensation under this Agreement.

5.6 CONTRACTOR is debarred from the System for Award Management (SAM). If the agreement is federally or State funded, CONTRACTOR must notify the COUNTY immediately of the debarment. Reference: (System for Award Management (SAM) at <https://www.sam.gov> for Central Contractor Registry (CCR), Federal Agency Registration (Fedreg), Online Representations and Certifications Application, and Excluded Parties List System (EPLS)). Excluded Parties Listing System (EPLS) (<http://www.epls.gov>) (Executive Order 12549, 7 CFR Part 3017, 45 CFR Part 76, and 44 CFR Part 17). The System for Award Management (SAM) is the Official U.S. Government system that consolidated the capabilities of CCR/Fed Reg, ORCA, and EPLS.

5.7 The rights and remedies of COUNTY provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or this Agreement.

6. Ownership/Use of Contract Materials and Products

The CONTRACTOR agrees that all materials, reports or products in any form, including electronic, created by CONTRACTOR for which CONTRACTOR has been compensated by COUNTY pursuant to this Agreement shall be the sole property of the COUNTY. The material, reports or products may be used by the COUNTY for any purpose COUNTY deems to be appropriate, including, but not limit to, duplication and/or distribution within the COUNTY or to third parties. CONTRACTOR agrees not to release or circulate in whole or part such materials, reports, or products without prior written authorization of the COUNTY.

7. Conduct of Contractor

7.1 The CONTRACTOR covenants that it presently has no interest, including, but not limited to, other projects or contracts, and shall not acquire any such interest, direct or indirect, which would conflict in any manner or degree with CONTRACTOR's performance under this Agreement. The CONTRACTOR further covenants that no person or subcontractor having any such interest shall be employed or retained by CONTRACTOR under this Agreement. The CONTRACTOR agrees to inform the COUNTY of all the CONTRACTOR's interests, if any, which are or may be perceived as incompatible with the COUNTY's interests.

7.2 The CONTRACTOR shall not, under circumstances which could be interpreted as an attempt to influence the recipient in the conduct of his/her duties, accept any gratuity or special favor from individuals or firms with whom the CONTRACTOR is doing business or proposing to do business, in accomplishing the work under this Agreement.

7.3 The CONTRACTOR or its employees shall not offer gifts, gratuity, favors, and entertainment directly or indirectly to COUNTY employees.

8. Inspection of Service; Quality Control/Assurance

8.1 All performance (which includes services, workmanship, materials, supplies and equipment furnished or utilized in the performance of this Agreement) shall be subject to inspection and test by the COUNTY or other regulatory agencies at all times. The CONTRACTOR shall provide adequate cooperation to any inspector or other COUNTY representative to permit him/her to determine the CONTRACTOR's conformity with the terms of this Agreement. If any services performed or products provided by CONTRACTOR are not in conformance with the terms of this Agreement, the COUNTY shall have the right to require the CONTRACTOR to perform the services or provide the products in conformance with the terms of the Agreement at no additional cost to the COUNTY. When the services to be performed or the products to be provided are of such nature that the difference cannot be corrected; the COUNTY shall have the right to: (1) require the CONTRACTOR immediately to take all necessary steps to ensure future performance in conformity with the terms of the Agreement; and/or (2) reduce the Agreement price to reflect the reduced value of the services performed or products provided. The COUNTY may also terminate this Agreement for default and charge to CONTRACTOR any costs incurred by the COUNTY because of the CONTRACTOR's failure to perform.

8.2 CONTRACTOR shall establish adequate procedures for self-monitoring and quality control and assurance to ensure proper performance under this Agreement; and shall permit a COUNTY representative or other regulatory official to monitor, assess, or evaluate CONTRACTOR's performance under this Agreement at any time, upon reasonable notice to the CONTRACTOR.

9. Independent Contractor

The CONTRACTOR is, for purposes relating to this Agreement, an independent contractor and shall not be deemed an employee of the COUNTY. It is expressly understood and agreed that the CONTRACTOR (including its employees, agents, and subcontractors) shall in no event be entitled to any benefits to which COUNTY employees are entitled, including but not limited to overtime, any retirement benefits, worker's compensation benefits, and injury leave or other leave benefits. There shall be no employer-employee relationship between the parties; and CONTRACTOR shall hold COUNTY harmless

from any and all claims that may be made against COUNTY based upon any contention by a third party that an employer-employee relationship exists by reason of this Agreement. It is further understood and agreed by the parties that CONTRACTOR in the performance of this Agreement is subject to the control or direction of COUNTY merely as to the results to be accomplished and not as to the means and methods for accomplishing the results.

10. Subcontract for Work or Services

No contract shall be made by the CONTRACTOR with any other party for furnishing any of the work or services under this Agreement without the prior written approval of the COUNTY; but this provision shall not require the approval of contracts of employment between the CONTRACTOR and personnel assigned under this Agreement, or for parties named in the proposal and agreed to under this Agreement.

11. Disputes

11.1 The parties shall attempt to resolve any disputes amicably at the working level. If that is not successful, the dispute shall be referred to the senior management of the parties. Any dispute relating to this Agreement, which is not resolved by the parties, shall be decided by the COUNTY's Purchasing Department's Compliance Contract Officer who shall furnish the decision in writing. The decision of the COUNTY's Compliance Contract Officer shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, capricious, arbitrary, or so grossly erroneous to imply bad faith. The CONTRACTOR shall proceed diligently with the performance of this Agreement pending the resolution of a dispute.

11.2 Prior to the filing of any legal action related to this Agreement, the parties shall be obligated to attend a mediation session in Riverside COUNTY before a neutral third party mediator. A second mediation session shall be required if the first session is not successful. The parties shall share the cost of the mediations.

12. Licensing and Permits

CONTRACTOR shall comply with all State or other licensing requirements, including but not limited to the provisions of Chapter 9 of Division 3 of the Business and Professions Code. All licensing requirements shall be met at the time proposals are submitted to the COUNTY. CONTRACTOR warrants that it has all necessary permits, approvals, certificates, waivers and exemptions necessary for performance of this Agreement as required by the laws and regulations of the United States, the State of California, the COUNTY of Riverside and all other governmental agencies with jurisdiction, and shall maintain these throughout the term of this Agreement.

13. Use By Other Political Entities

The CONTRACTOR agrees to extend the same pricing, terms, and conditions as stated in this Agreement to each and every political entity, special district, and related non-profit entity in Riverside COUNTY. It is understood that other entities shall make purchases in their own name, make direct payment, and be liable directly to the CONTRACTOR; and COUNTY shall in no way be responsible to CONTRACTOR for other entities' purchases.

14. Non-Discrimination

CONTRACTOR shall not be discriminate in the provision of services, allocation of benefits, accommodation in facilities, or employment of personnel on the basis of ethnic group identification, race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status or sex in the performance of this Agreement; and, to the extent they shall be found to be applicable hereto, shall comply with the provisions of the California Fair Employment and Housing Act (Gov. Code 12900 et. Seq), the Federal Civil Rights Act of 1964 (P.L. 88-352), the Americans with Disabilities Act of 1990 (42 U.S.C. S1210 et seq.) and all other applicable laws or regulations.

15. Records and Documents

CONTRACTOR shall make available, upon written request by any duly authorized Federal, State, or COUNTY agency, a copy of this Agreement and such books, documents and records as are necessary to certify the nature and extent of the CONTRACTOR's costs related to this Agreement. All such books, documents and records shall be maintained by CONTRACTOR for at least five years following termination of this Agreement and be available for audit by the COUNTY. CONTRACTOR shall provide to the COUNTY reports and information related to this Agreement as requested by COUNTY.

16. Confidentiality

16.1 The CONTRACTOR shall not use for personal gain or make other improper use of privileged or confidential information which is acquired in connection with this Agreement. The term "privileged or confidential information" includes but is not limited to: unpublished or sensitive technological or scientific information; medical, personnel, or security records; anticipated material requirements or pricing/purchasing actions; COUNTY information or data which is not subject to public disclosure; COUNTY operational procedures; and knowledge of selection of contractors, subcontractors or suppliers in advance of official announcement.

16.2 The CONTRACTOR shall protect from unauthorized disclosure names and other identifying information concerning persons receiving services pursuant to this Agreement, except for general statistical information not identifying any person. The CONTRACTOR shall not use such information for any purpose

other than carrying out the CONTRACTOR's obligations under this Agreement. The CONTRACTOR shall promptly transmit to the COUNTY all third party requests for disclosure of such information. The CONTRACTOR shall not disclose, except as otherwise specifically permitted by this Agreement or authorized in advance in writing by the COUNTY, any such information to anyone other than the COUNTY. For purposes of this paragraph, identity shall include, but not be limited to, name, identifying number, symbol, or other identifying particulars assigned to the individual, such as finger or voice print or a photograph.

16.3 The CONTRACTOR is subject to and shall operate in compliance with all relevant requirements contained in the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191, enacted August 21, 1996, and the related laws and regulations promulgated subsequent thereto. Please refer to Attachment 1 of this agreement.

17. Administration/Contract Liaison

The COUNTY Purchasing Agent, or designee, shall administer this Agreement on behalf of the COUNTY. The Purchasing Department is to serve as the liaison with CONTRACTOR in connection with this Agreement.

18. Notices

All correspondence and notices required or contemplated by this Agreement shall be delivered to the respective parties at the addresses set forth below and are deemed submitted two days after their deposit in the United States mail, postage prepaid:

COUNTY OF RIVERSIDE

Auditor Controller
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502
Attn: Jennifer Fuller

Purchasing and Fleet Services
2980 Washington Street
Riverside, CA 92504
Attn: Walter Mack

CONTRACTOR

Brown Armstrong Accountancy Corporation
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
Attn: Eric Xin

19. Force Majeure

If either party is unable to comply with any provision of this Agreement due to causes beyond its reasonable control, and which could not have been reasonably anticipated, such as acts of God, acts of war, civil disorders, or other similar acts, such party shall not be held liable for such failure to comply.

20. EDD Reporting Requirements

In order to comply with child support enforcement requirements of the State of California, the COUNTY may be required to submit a Report of Independent Contractor(s) form **DE 542** to the Employment Development Department. The CONTRACTOR agrees to furnish the required data and certifications to the COUNTY within 10 days of notification of award of Agreement when required by the EDD. This data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders. Failure of the CONTRACTOR to timely submit the data and/or certificates required may result in the contract being awarded to another contractor. In the event a contract has been issued, failure of the CONTRACTOR to comply with all federal and state reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignments Orders and Notices of Assignment shall constitute a material breach of Agreement. If CONTRACTOR has any questions concerning this reporting requirement, please call (916) 657-0529. CONTRACTOR should also contact its local Employment Tax Customer Service Office listed in the telephone directory in the State Government section under "Employment Development Department" or access their Internet site at www.edd.ca.gov.

21. Hold Harmless/Indemnification

21.1 CONTRACTOR shall indemnify and hold harmless the COUNTY of Riverside, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as Indemnitees) from any liability whatsoever, based or asserted upon any services of CONTRACTOR, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of CONTRACTOR, its officers, employees, subcontractors, agents or representatives Indemnitors from this Agreement. CONTRACTOR shall defend, at its sole expense, all costs, and fees including, but not limited, to attorney fees, cost of investigation, defense and settlements or awards, the Indemnitees in any claim or action based upon such alleged acts or omissions.

21.2 With respect to any action or claim subject to indemnification herein by CONTRACTOR, CONTRACTOR shall, at their sole cost, have the right to use counsel of their own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of COUNTY; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes CONTRACTOR'S indemnification to Indemnitees as set forth herein.

21.3 CONTRACTOR'S obligation hereunder shall be satisfied when CONTRACTOR has provided to COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the action or claim involved.

21.4 The specified insurance limits required in this Agreement shall in no way limit or circumscribe CONTRACTOR'S obligations to indemnify and hold harmless the Indemnitees herein from third party claims.

21.5 In the event there is conflict between this clause and California Civil Code Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not relieve the CONTRACTOR from indemnifying the Indemnitees to the fullest extent allowed by law.

22. Insurance

22.1 Without limiting or diminishing the CONTRACTOR'S obligation to indemnify or hold the COUNTY harmless, CONTRACTOR shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this Agreement. As respects to the insurance section only, the COUNTY herein refers to the COUNTY of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents, or representatives as Additional Insureds.

A. Workers' Compensation:

If the CONTRACTOR has employees as defined by the State of California, the CONTRACTOR shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of The COUNTY of Riverside.

B. Commercial General Liability:

Commercial General Liability insurance coverage, including but not limited to, premises liability, unmodified contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of CONTRACTOR'S performance of its obligations hereunder. Policy shall name the COUNTY as Additional Insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit.

C. Vehicle Liability:

If vehicles or mobile equipment is used in the performance of the obligations under this Agreement, then CONTRACTOR shall maintain liability insurance for all owned, non-owned, or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name the COUNTY as Additional Insureds.

D. Professional Liability Contractor shall maintain Professional Liability Insurance providing coverage for the Contractor's performance of work included within this Agreement, with a limit of liability of not less than \$1,000,000 per occurrence and \$2,000,000 annual aggregate. If Contractor's Professional Liability Insurance is written on a claims made basis rather than an occurrence basis, such insurance shall continue through the term of this Agreement and CONTRACTOR shall purchase at his sole expense either 1) an Extended Reporting Endorsement (also, known as Tail Coverage); or 2) Prior Dates Coverage from new insurer with a retroactive date back to the date of, or prior to, the inception of this Agreement; or 3) demonstrate through Certificates of Insurance that CONTRACTOR has Maintained continuous coverage with the same or original insurer. Coverage provided under items; 1), 2), or 3) will continue as long as the law allows.

E. General Insurance Provisions – All lines:

1) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII (A:8) unless such requirements are waived, in writing, by the COUNTY Risk Manager. If the COUNTY's Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.

2) The CONTRACTOR must declare its insurance self-insured retention for each coverage required herein. If any such self-insured retention exceeds \$500,000 per occurrence each such retention shall have the prior written consent of the COUNTY Risk Manager before the commencement of operations under this Agreement. Upon notification of self-insured retention unacceptable to the COUNTY, and at the election of the County's Risk Manager, CONTRACTOR'S carriers shall either; 1) reduce or eliminate such self-insured retention as respects this Agreement with the COUNTY, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

3) CONTRACTOR shall cause CONTRACTOR'S insurance carrier(s) to furnish the COUNTY of Riverside with either 1) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by the COUNTY Risk Manager, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and

policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the COUNTY of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this Agreement shall terminate forthwith, unless the COUNTY of Riverside receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. CONTRACTOR shall not commence operations until the COUNTY has been furnished original Certificate (s) of Insurance and certified original copies of endorsements and if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier shall sign the original endorsements for each policy and the Certificate of Insurance.

4) It is understood and agreed to by the parties hereto that the CONTRACTOR'S insurance shall be construed as primary insurance, and the COUNTY'S insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.

5) If, during the term of this Agreement or any extension thereof, there is a material change in the scope of services; or, there is a material change in the equipment to be used in the performance of the scope of work; or, the term of this Agreement, including any extensions thereof, exceeds five (5) years; the COUNTY reserves the right to adjust the types of insurance and the monetary limits of liability required under this Agreement, if in the COUNTY Risk Manager's reasonable judgment, the amount or type of insurance carried by the CONTRACTOR has become inadequate.

6) CONTRACTOR shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Agreement.

7) The insurance requirements contained in this Agreement may be met with a program(s) of self-insurance acceptable to the COUNTY.

8) CONTRACTOR agrees to notify COUNTY of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Agreement.

23. General

23.1 CONTRACTOR shall not delegate or assign any interest in this Agreement, whether by operation of law or otherwise, without the prior written consent of COUNTY. Any attempt to delegate or assign any interest herein shall be deemed void and of no force or effect.

23.2 Any waiver by COUNTY of any breach of any one or more of the terms of this Agreement shall not be construed to be a waiver of any subsequent or other breach of the same or of any other term of this Agreement. Failure on the part of COUNTY to require exact, full, and complete compliance with any terms of this Agreement shall not be construed as in any manner changing the terms or preventing COUNTY from enforcement of the terms of this Agreement.

23.3 In the event the CONTRACTOR receives payment under this Agreement, which is later disallowed by COUNTY for nonconformance with the terms of the Agreement, the CONTRACTOR shall promptly refund the disallowed amount to the COUNTY on request; or at its option the COUNTY may offset the amount disallowed from any payment due to the CONTRACTOR.

23.4 CONTRACTOR shall not provide partial delivery or shipment of services or products unless specifically stated in the Agreement.

23.5 CONTRACTOR shall not provide any services or products subject to any chattel mortgage or under a conditional sales contract or other agreement by which an interest is retained by a third party. The CONTRACTOR warrants that it has good title to all materials or products used by CONTRACTOR or provided to COUNTY pursuant to this Agreement, free from all liens, claims, or encumbrances.

23.6 Nothing in this Agreement shall prohibit the COUNTY from acquiring the same type or equivalent equipment, products, materials or services from other sources, when deemed by the COUNTY to be in its best interest. The COUNTY reserves the right to purchase more or less than the quantities specified in this Agreement.

23.7 The COUNTY agrees to cooperate with the CONTRACTOR in the CONTRACTOR's performance under this Agreement, including, if stated in the Agreement, providing the CONTRACTOR with reasonable facilities and timely access to COUNTY data, information, and personnel.

23.8 CONTRACTOR shall comply with all applicable Federal, State and local laws and regulations. CONTRACTOR will comply with all applicable COUNTY policies and procedures. In the event that there is a conflict between the various laws or regulations that may apply, the CONTRACTOR shall comply with the more restrictive law or regulation.

23.9 CONTRACTOR shall comply with all air pollution control, water pollution, safety and health ordinances, statutes, or regulations, which apply to performance under this Agreement.

23.10 CONTRACTOR shall comply with all requirements of the Occupational Safety and Health Administration (OSHA) standards and codes as set forth by the U.S. Department of Labor and the State of California (Cal/OSHA).

23.11 This Agreement shall be governed by the laws of the State of California. Any legal action related to the performance or interpretation of this Agreement shall be filed only in the Superior Court of the State of California located in Riverside, California, and the parties waive any provision of law providing for a change of venue to another location. In the event any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

23.12 This Agreement, including any attachments or exhibits, constitutes the entire Agreement of the parties with respect to its subject matter and supersedes all prior and contemporaneous representations, proposals, discussions and communications, whether oral or in writing. This Agreement may be changed or modified only by a written amendment signed by authorized representatives of both parties.

COUNTY:

County Administration Center
4080 Lemon Street, 4th Floor
Riverside, CA 92501
Board of Supervisors

CONTRACTOR:

Brown Armstrong Accountancy Corporation
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309

Signature: Jeff Stone

Print Name: JEFF STONE

Title: Chairman of the Board of Supervisors

Dated: MAY 20 2014

Signature: Eric Lin

Print Name: ERIC LIN

Title: PRINCIPAL

Dated: 5-7-2014

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 5/12/14
DALE A. GARDNER DATE

ATTEST:
KECIA HARPER-IHEM, Clerk
By: [Signature]
DEPUTY

EXHIBIT A
REQUIRED SCOPE OF SERVICES

1. COUNTYWIDE AUDITS

A. Service Required

- (1) An audit of the Riverside COUNTY's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2014. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States for the purpose of determining whether or not such financial statements fairly present the financial position and results of operations of the COUNTY in accordance with generally accepted accounting principles (GAAP).
- (2) The CONTRACTOR will perform a single audit on the expenditures of federal grants in accordance with OMB Circular A-133 and render the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of the COUNTY's financial statements in accordance with *Government Auditing Standards* and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133. The single audit report will include appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, including reportable conditions and material weaknesses, and follow up on prior audit findings where required.
- (3) The COUNTY will submit the CAFR to the Government Finance Officers Association (GFOA) for review in their Certificate of Achievement for Excellence in Financial Reporting program. The CONTRACTOR is to review the CAFR for compliance in the program.
- (4) The CONTRACTOR will provide technical assistance and attend Board of Supervisors' meetings, as necessary, related to the scope of services rendered below.
- (5) As the CONTRACTOR schedules staff to perform annual services, CONTRACTOR is to give the COUNTY consideration to assign the same on-site supervisor(s) for audit engagements to provide continuity for service performance.

B. Reports

CAFR - The COUNTY's ACO staff members prepare the COUNTY Wide CAFR. Thirty-five (35) copies of the CAFR audit opinion for the COUNTY shall be submitted to the ACO within five (5) business days after completion of field work. Field work is to be completed by November 21, 2014.

Single Audit - Five copies of the final audit reports required by the Act shall be submitted by March 15, 2015 to the ACO.

Management Letter - A draft management letter advising the COUNTY of opportunities observed for economy of operations and improvement in internal controls shall be submitted

to the COUNTY Auditor Controller's Office (ACO) within 15 days from the CAFR opinion date. The CONTRACTOR should be available for any meetings that may be necessary to discuss the draft Management Letter. The Final Management Letter is to be submitted to the COUNTY's Board of Supervisor's within 60 days from the CAFR opinion date.

C. Consent

The CONTRACTOR grants the COUNTY permission to include, at no charge, the final audit opinion with officially published financial statements of the COUNTY.

D. Training

The CONTRACTOR agrees to provide at no charge, to the ACO's internal audit and accounting staff and other selected COUNTY personnel, up to eight hours annually of training specifically related to government accounting/auditing.

2. WASTE MANAGEMENT DEPARTMENT AUDIT- (An Enterprise Fund of the COUNTY)

A. Services Required

(1) An audit examination of the Waste Management Department's financial statements for the fiscal year ended June 30, 2014, performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States for the purpose of determining whether or not such statements fairly present the financial position and results of the Department's operations.

(2) Oversee and direct the preparation of the Department's annual financial statements and be available to provide "as needed" services such as answering accounting questions on unusual or infrequent occurring transactions up to twenty hours per fiscal year.

3. AIR QUALITY IMPROVEMENT FUND AUDIT-(A Special Revenue Fund of the COUNTY)

A. Services Required

A financial and compliance audit of the Air Quality Improvement Fund for the fiscal year ended June 30, 2014, performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States; and compliance with the South Coast Air Quality Management District (SCAQMD) Assembly Bill 2766 Audit Program.

B. Reports

Report preparation, editing, printing, binding shall be the responsibility of the CONTRACTOR. Final Financial Statements are to be provided to the ACO by September 30.

4. RIVERSIDE COUNTY REGIONAL MEDICAL CENTER – (An Enterprise Fund of the COUNTY)

A. Services Required

- (1) An audit of the financial statements of the Riverside COUNTY Regional Medical Center (RCRMC) for the fiscal year ended June 30, 2014 in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States. The CONTRACTOR shall use reasonable efforts to assign staff with health services experience to conduct audit.
- (2) An audit of reimbursements to include examination of the Medicare and Medical Contractual allowances and third party payer liabilities. The CONTRACTOR shall use reasonable efforts to assign staff with reimbursement experience to conduct audit.

B. Reports

Report preparation, editing, printing, binding shall be the responsibility of the CONTRACTOR for this financial statements. Sixty (60) bound copies of the Riverside COUNTY Regional Medical Center audit opinion and financial statements shall be submitted to the Riverside COUNTY Regional Medical Center by November 1. Fifteen (15) bound copies of the audit opinion, financial statements and compliance report shall be submitted to the COUNTY Executive Office by October 31.

5. SHERIFF DEPARTMENT: OFFICE OF CRIMINAL JUSTICE PLANNING (OCJP) GRANT PROGRAM AUDIT

A. Services Required

A financial and compliance audit of the OCJP Grant Program for the fiscal year ended June 30, 2014, performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States and the OCJP Audit Program.

B. Reports

Report preparation, editing, printing, binding shall be the responsibility of the CONTRACTOR. Six (6) bound copies of the audit opinion, financial statements, and compliance report shall be submitted to the COUNTY Sheriff by October 31.

As part of the Agreement and approval process related to the overall requested audit services, the remaining portion as identified below will be processed under separate Purchase Orders issued by the COUNTY on behalf of the applicable entities:

6. COUNTY of Riverside Asset Leasing Corporation (CORAL) – (A Component Unit of the COUNTY)

Services Required

An audit of the financial statements for the fiscal year ended June 30, 2014 in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States. The CONTRACTOR will convert the CORAL financials to a full accrual basis for presentation to the entity in addition to the modified accrual basis financial presentation for CAFR reporting. The

CONTRACTOR shall prepare the Annual State Controller's Report for CORAL. In addition the CONTRACTOR shall prepare the tax returns for CORAL.

Reports

Report preparation, editing, printing, binding shall be the responsibility of the CONTRACTOR. Twelve (12) bound copies of the financial statements shall be submitted to the Executive Office by September 30.

The Annual State Controller's Report is to be prepared on time for submission to the State no later than October 20. Preparation of Federal and State Tax Forms 990 and 199, respectively, in a timely manner.

B. Van Horn Regional Treatment Facility – (A Jointly Governed Organization)

Services Required

An audit of the financial statements for the fiscal year ended June 30, 2014 in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States.

Reports

Report preparation, editing, printing, binding shall be the responsibility of the CONTRACTOR. Fifteen (15) bound copies of the financial statements, fifteen (15) stapled copies of the financial statements and one (1) unstapled copy shall be submitted to the Probation Department by September 30.

C. Inland Empire Tobacco Securitization Authority "The Authority" - (A Component Unit of the COUNTY) and Inland Empire Tobacco Securitization Corporation "The Corporation" – (A Component Unit of the Authority)

Services Required

An audit of the financial statements for the fiscal year ended June 30, 2014 in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States. The CONTRACTOR will convert the Authority and the Corporation financials to a full accrual basis for presentation in their respective financial statements in addition to the modified accrual basis financial presentation for CAFR reporting. The CONTRACTOR shall prepare the Annual State Controller's Report for the Authority and the Corporation. In addition the CONTRACTOR shall prepare the tax return for the Corporation, which is a nonprofit public benefit organization as defined by IRS Code Section 501(c) (3).

Reports

Report preparation, editing, printing, binding shall be the responsibility of the CONTRACTOR. Eight (8) bound copies of the financial statements for the Authority and the Corporation shall be submitted to the Executive Office by September 30. The Annual State Controller's Report is to be prepared on time for submission to the State no later than October 31. The preparation of the Tax Returns on a timely manner to be submitted to the IRS.

D. Riverside COUNTY Board of Supervisors Board Policy A-47, Retention Period for COUNTY's External Auditors Policy: To help insure the lowest cost for the COUNTY's audit requirements and, at the same time, achieve maximum audit firm objectivity, COUNTY departments may consider the retention of the same audit firm for a period not to exceed five (5) consecutive years (providing normal, required contractual processes are followed). Exceptions to this policy may be granted if bids from competing audit firms are of significantly higher cost than could be obtained from the prior year's audit firm, or if the technical qualification of competing firms are judged to be inadequate. **Reference:** Minute Order 3.11 dated 2-18-92.

E. **Entity**

a. Background Information

Riverside County, the State's fourth largest COUNTY by area, encompasses 7,295 square miles and extends nearly 184 miles across Southern California, from Arizona border west to within 10 miles of the Pacific Ocean. It is situated immediately east of Los Angeles and Orange Counties, south of San Bernardino COUNTY, and north of San Diego and Imperial Counties. The COUNTY has eleven independent fiscal entities that are considered blended component units and one discretely presented component unit.

b. Component Units

The COUNTY identified the following component units (with fiscal year ending June 30) for inclusion in the COUNTY's financial statements:

Entity	Separate Audited Financial Statements	Included in this COUNTY Wide Agreement	Separate Independent Auditors
Blended Component Units			
Bankruptcy Court Corporation	No	Yes	
CORAL	Yes	Yes	
COUNTY Service Areas	No	Yes	
District Court Financing Corporation	No	Yes	
Flood Control and Water Conservation District	Yes		Yes
Housing Authority	Yes		Yes
In-Home Support Services Public Authority	No	Yes	
Inland Empire Tobacco Securitization Authority	Yes	Yes	
Public Financing Authority	No	Yes	
Perris Valley Cemetery District	Yes		Yes
Regional Park and Open-Space District	Yes		Yes
Discretely Presented Component Units			
Children and Families Commission	Yes		Yes
Palm Desert Financing Authority	Yes		

c. Availability of Prior Audit Reports

The Comprehensive Annual Financial Report from fiscal year 2013 is available online at http://www.auditorcontroller.org/opencms/topics_interest/CAFR.html

The Single Audit Report from fiscal year 2013 is available online at:
<http://www.auditorcontroller.org/opencms/publications/FinancialPub/asa-reports/audits.html>

7. **AUDIT SCHEDULE**

- a. **Audit planning, documentation of systems of internal control, and compliance and transaction testing should be completed during interim stage. Interim stage is to be performed in April and May prior to the close of fiscal year. It is expected the COUNTY will close its books and be ready for the final audit by mid-September. The CONTRACTOR is to start the final field work in September and complete no later than November 30.**
- b. The COUNTY will provide the CONTRACTOR with reasonable work space, desks, and chairs. The CONTRACTOR will also be provided with access to a telephone, a computer with access to the general ledger system, photocopying, and FAX machines.

**EXHIBIT B
PAYMENT PROVISIONS**

FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018
Year 1	Year 2	Year 3	Year 4	Year 5
\$210,000.00	\$215,000.00	\$220,000.00	\$225,000.00	\$ 230,000.00

Fees (Including All Out of Pocket Expenses)