



Winston F. McColl
Director

County of San Diego
Department of Purchasing and Contracting
10089 Willow Creek Road, Suite 150, San Diego, California 92131-1699

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May 31, 2012

COUNTY OF SAN DIEGO - REQUEST FOR PROPOSAL (RFP) #5576
TREASURER-TAX COLLECTOR
AUDIT SERVICES

The County of San Diego is seeking proposals from qualified firms to provide independent auditing services in the form of Annual CAFR Audits and quarterly reviews of the County of San Diego's Investment Pool. **PASS/FAIL SECTION: IN PARTICULAR TO SOW SECTION 3.1, IF OFFEROR IS UNABLE TO MEET THIS REQUIREMENT, OFFEROR'S PROPOSAL DOES NOT QUALIFY AND WILL NOT BE CONSIDERED.**

The initial contract term will be for a period of one year with four (4) one-year options.

This RFP package includes:

- Cover Letter to the RFP
- Cover Page (P&C 600 Form) - Requests necessary Offeror information and includes the Offeror's signed authorization for the proposal
- Representations and Certifications Form - Requests additional Offeror information related to 501(c)(3) status, affirmative action and pricing
- Indemnification Certification
- RFP Terms and Conditions
- Evaluation and Submittal Requirements
- Draft Pro Forma Service Agreement, which includes drafts of the following:
 - Exhibit A-Statement of Work
 - Exhibit B-Insurance and Bonding Requirements
 - Exhibit C-Pricing/Payment Schedule

PRE-PROPOSAL CONFERENCE

A pre-proposal conference will be held on **Monday, June 18, 2012 at 1:00 PM** in the offices of the County of San Diego Department of Purchasing and Contracting, 10089 Willow Creek Road, Suite 150, San Diego, CA 92131. Questions regarding the process will be addressed. Requests for clarification related to definition or interpretation of this RFP shall be made in writing and submitted via e-mail to Tracy Hudson at tracy.hudson@sdcounty.ca.gov. Oral explanations or instructions shall not be considered binding on behalf of the County.

PROPOSAL DUE DATE

Submit a completed proposal in accordance with the format provided in this solicitation to the County of San Diego, Department of Purchasing and Contracting at the address stated in the letterhead above in a sealed envelope or package **prior to 3:00 PM local time Friday, July 13, 2012**. Clearly mark the exterior of the envelope or package with "RFP #5576" and the name and address of the Offeror. If delivering your proposal on the due date, plan to arrive early, as parking may be limited.

Late submissions cannot be considered unless they are the only ones received or there was mishandling on the part of County of San Diego, Department Purchasing and Contracting staff.

QUESTIONS

Questions and requests for clarification related to definition or interpretation of this RFP shall be requested in writing prior to **3:00 PM on Monday, June 25, 2012**. Questions **MUST** be submitted in writing via e-mail to tracy.hudson@sdcounty.ca.gov. No questions will be accepted via telephone. An addendum will be issued in response to questions, which will only be available by downloading from BuyNet.

This solicitation is available for download from the County's internet site at www.sdcounty.ca.gov. Under "Quick Links A-Z Services" – Select "BuyNet." If already registered select:

- Select "View/Respond to Solicitations"
- Select the RFP Number to access the files
- If not yet registered, please follow the instructions and register under **UNSPSC code 841116.00**

It is the Offeror's responsibility to check for addenda on the Website. The County cannot notify those who download solicitation documents from the Website of changes or addenda. The master copy of the bid or proposal documents offered for electronic download shall be considered the original. If you are unable to download this document, you may contact Contract Clerical Support at (858) 537-2505 and a hard copy will be mailed to you.

This RFP does not commit the County of San Diego to award a contract or to pay any costs incurred in the preparation of the proposal. The County of San Diego reserves the right to cancel this solicitation, in part or in its entirety, should this be in the best interest of the County.

AWARD

This will be a competitively negotiated procurement. After evaluation of proposals, the County may request additional details/elements of the proposals. These discussions will NOT constitute negotiations. Negotiations may be conducted at the discretion of the County. The County may decide to award contract(s) without negotiation; therefore, Offeror(s) shall submit their best proposal initially. The County reserves the right to award contract(s) to the Offeror(s) submitting the proposal determined to be most advantageous to the County's best interest, price and other factors considered.

If you have any questions or comments regarding this solicitation, please contact Tracy Hudson, Contracting Officer via e-mail at the address listed above.

T. M. Hudson for

WINSTON F. McCOLL, Director
Department of Purchasing and Contracting

WFM:TMH

COUNTY OF SAN DIEGO REQUEST FOR PROPOSALS

THIS IS NOT AN ORDER

MAIL OR DELIVER YOUR PROPOSAL TO:

County of San Diego, Department of Purchasing and Contracting
 10089 Willow Creek Road, Suite 150, Mail Stop O32
 San Diego, California 92131-1699

FOR INFORMATION, PLEASE

E-MAIL tracy.hudson@sdcounty.ca.govProposals shall be **received** at the above addressprior to **3:00 PM LOCAL TIME, Friday, July 13, 2012**

**SUBMIT PROPOSAL IN A SEALED ENVELOPE OR PACKAGE MARKED
 ON THE OUTSIDE WITH THE RFP NUMBER AND THE PROPOSER'S NAME AND ADDRESS**

DESCRIPTION

The County of San Diego is seeking proposals from qualified firms to provide independent auditing services in the form of Annual CAFR Audits and quarterly reviews of the County of San Diego's Investment Pool. **PASS/FAIL SECTION: IN PARTICULAR TO SOW SECTION 3.1, IF OFFEROR IS UNABLE TO MEET THIS REQUIREMENT, OFFEROR'S PROPOSAL DOES NOT QUALIFY AND WILL NOT BE CONSIDERED.**

CONTRACT PERIOD

The initial contract term will be for a period of one year with four (4) one-year options.

PRE-PROPOSAL CONFERENCE

A pre-proposal conference will be held Monday, June 18, 2012 at 1:00 PM in the offices of the County of San Diego Department of Purchasing and Contracting, 10089 Willow Creek Road, Suite 150, San Diego, CA 92131. Questions regarding the process will be addressed. Requests for clarification related to definition or interpretation of this RFP shall be made in writing and submitted via e-mail to Tracy Hudson at tracy.hudson@sdcounty.ca.gov. Oral explanations or instructions shall not be considered binding on behalf of the County.

TYPE OR USE BLACK INK TO COMPLETE THE OFFEROR INFORMATION BELOW

Offeror hereby acknowledges receipt of the RFP and Addenda Number 1 through [].

OFFEROR INFORMATION:		AUTHORIZATION FOR OFFER (Must be signed):	
Firm Name:		By: _____ Signature Offer Date	
Street:			
City/State/Zip:			
Phone No: ()	Fax No: ()	Name:	
E-mail Address:		Title:	
Contact Person (If other than above):			
Name:	Phone No: ()	FAX: ()	
Title:			
E-Mail Address:			

NOTE: RFPs, associated documents and addenda may be obtained from the Department of Purchasing and Contracting at 10089 Willow Creek Road, Suite 150, San Diego, California 92131-1699 or by downloading from the department's Website "BuyNet" at www.sdcounty.ca.gov. It is the Offeror's responsibility to periodically check the Website for addendum that may be issued to implement changes or clarification to the RFP, prior to the due date.

SUBMIT THIS COMPLETED FORM AS THE COVER PAGE OF THE PROPOSAL

COUNTY OF SAN DIEGO - REQUEST FOR PROPOSAL (RFP) #5576
TREASURER-TAX COLLECTOR
AUDIT SERVICES
REPRESENTATIONS AND CERTIFICATIONS

County of San Diego
Department of Purchasing and Contracting
REPRESENTATIONS AND CERTIFICATIONS

The following representations and certifications are to be completed, signed and returned with the offer.

1. NOT-FOR-PROFIT ORGANIZATIONS

Attach proof of status and omit Paragraph 3.

2. INTERLOCKING DIRECTORATE

In accordance with Board of Supervisors Policy A-79, if Offeror is a non-profit as indicated in paragraph 1 above, Offeror is required to identify any related for-profit subcontractors in which an interlocking directorate, management or ownership relationship exists. By submission of this offer, Offeror certifies it will not enter into a subcontract relationship with a related for-profit entity if Offeror is a non-profit entity. If Offeror is a non-profit and will be subcontracting with a related for-profit entity, Offeror must list the entity(ies) on an attached separate sheet listing them all and the contract must be approved by the Board of Supervisors

3. BUSINESS REPRESENTATION

3.1. REPRESENTATION AS DISABLED VETERANS BUSINESS ENTERPRISE

"Disabled Veterans Business Enterprise" means a business which is at least fifty-one (51%) owned and operated by one or more veterans with a service related disability as certified by Equal Opportunity Management Office (EOMO), California Department of General Services, Office of Small Business and members of Joint Agencies Contracting Opportunities (JACO), (California Military and Veterans code, Article 6, section 999).

This Offeror represents as a part of this offer that the ownership, operation and control of the business are in accordance with the specific definition in 3.1. I am currently certified by:

Certifying Government Agency: _____

Certification #: _____

4. CERTIFICATE REGARDING DEBARMENT, SUSPENSION AND RELATED MATTERS

Offeror hereby certifies to the best of its knowledge that neither it nor any of its officers:

- 4.1. Are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency; and
- 4.2. Have within a three (3) year period preceding this agreement been convicted of or had a civil judgment rendered against them for commission of fraud or criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; and
- 4.3. Are presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with the commission of any of the offenses enumerated in paragraph 4.2 of this certification; and

4.4. Have within a three (3) year period preceding this agreement had one or more public transactions (Federal, State or local) terminated for cause or default.

4.5. Are presently the target or subject of any investigation, accusation or charges by any Federal, State or local law enforcement, licensing or certification body and if they are, the appropriate information is included in the proposal, as requested in the Submittal Requirements.

4.6. Contractor will report in writing to the County Department of Purchasing and Contracting within five business days of knowing or have any reason to know any change in status as certified in the preceding paragraphs 4.1 through 4.5, and that occur prior to award (in the case of bids) and contract execution (in the case of negotiated procurements).

4.7. Offeror and its proposed subcontractors, agents and consultants have not previously contracted with the County to perform work on this project (e.g. preparing components of the statement of work or plans and specifications for this project). If Offeror or any of its subcontractors, agents or consultants, have previously contracted with the County to perform work on this project, Offeror shall identify those previous agreement(s) and submit that list along with the proposal.

5. CERTIFICATE OF CURRENT COST OR PRICING

This is to certify that, to the best of my knowledge and belief, cost and/or pricing data submitted with this offer, or specifically identified by reference if actual submission of the data is impracticable, is/are accurate, complete, and current as of the date signed below.

6. CERTIFICATE OF INDEPENDENT PRICING

By submission of this offer, each Offeror certifies, and in the case of a joint offers, each party thereto certifies as to its own organization, that in relation to this procurement:

6.1. The prices in this offer have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with other Offeror; with any competitor; or with any County employee(s) or consultant(s) involved in this or related procurements; and

6.2. Unless otherwise required by law, the prices which have been quoted in this offer have not been knowingly disclosed by the Offeror and will not knowingly be disclosed by the Offeror prior to opening, in the case of a bid, or prior to award, in the case of a proposal, directly or indirectly to any other Offeror or to any competitor; and

6.3. No attempt has been made or will be made by the Offeror to induce any other person or firm to submit or not to submit an offer for the purpose of restricting competition.

7. The Offeror understands that prior to receiving a contract award from the County, the Offeror must submit a completed IRS W-9 form to provide a Federal Tax ID number, or if not available, to provide a Social Security Number (SSN).

CERTIFICATION

The information furnished in Paragraphs 1 through 7 is certified to be factual and correct as of the date submitted and this certification is made under penalty of perjury under the laws of the State of California.

Name: _____

Signature: _____

Title: _____

Date: _____

Company/Organization: _____

SUBMIT THIS FORM AS DIRECTED IN THE REQUEST FOR SOLICITATION DOCUMENTS OR WITH THE OFFER

DPC 201 (07-28-11 – C0014 & P0027)

Print

Clear Form

COUNTY OF SAN DIEGO - REQUEST FOR PROPOSAL (RFP) #5576
TREASURER-TAX COLLECTOR
AUDIT SERVICES
INDEMNIFICATION CERTIFICATION

The following Agreement to Indemnify and Defend the County of San Diego and Its Board of Supervisors, Officers, Directors, Employees and Agents is to be completed, signed and returned with the offer.

WHEREAS Offeror agrees in writing to the terms and conditions of the solicitation; and

WHEREAS the County of San Diego received a request for disclosure of Offeror's submission and that request was subject to the California Public Records Act; and

WHEREAS, after consulting with Offeror and with Offeror's approval, the County shall disclosed those records that Offeror determines are not trade secrets and exempt from disclosure; and

WHEREAS after the party requesting disclosure under the Public Records Act receives the records, they continue to seek disclosure of the records Offeror has identified as confidential/proprietary information not subject to disclosure (*EXHIBIT-CONFIDENTIAL/PROPRIETARY*); and

WHEREAS the County is exercising its right to require defense and indemnity from Offeror for the ongoing non disclosure of the Offeror's *EXHIBIT-CONFIDENTIAL/PROPRIETARY*;

NOW, THEREFORE, for good and valuable consideration and the mutual promises contained herein, the parties agree to the following:

1. Except as otherwise provided herein, the County of San Diego will not release the Offeror's *EXHIBIT-CONFIDENTIAL/PROPRIETARY* based on Offeror's representation that the records are proprietary and "trade secrets" as that term is used in Government Code section 6250 and the following. The County will release the Offeror's *EXHIBIT-CONFIDENTIAL/PROPRIETARY* in the event of any of the following:

- a. Offeror fails to comply with the terms and conditions of this Agreement; or
- b. Offeror provides the County with written notice that some or all of the records may be released; or
- c. A court of competent jurisdiction orders the County to release the records and the County has exhausted or waived its appeal rights.

2. To the fullest extent allowed by law, the County shall not be liable for, and Offeror shall defend and indemnify County and its Board of Supervisors, officers, directors, employees and agents of County (collectively "County Parties"), against any and all claims, demands, liability, judgments, awards, fines, mechanics' liens or other liens, labor disputes, losses, damages, expenses, charges or costs of any kind or character, including attorneys' fees (whether incurred by County attorneys or attorneys employed by County) and court costs (hereinafter collectively referred to as "Claims"), related to the Offeror's *EXHIBIT-CONFIDENTIAL/PROPRIETARY*.

3. Offeror waives any and all claims in law or equity and hereby releases the County Parties from any and all claims, deductibles, self-insured retentions, demands, liability, judgments, awards, fines, mechanics' liens or other liens, labor disputes, losses, damages, expenses, charges or costs of any kind or character, including attorneys' fees and court costs, which arise out of or are in any way connected to the Offeror's *EXHIBIT-CONFIDENTIAL/PROPRIETARY*.

CERTIFICATION

The statements furnished above are certified to be factual and correct as of the date submitted and this certification is made under penalty of perjury under the laws of the State of California.	
Name:	Signature:
Title:	Date:
Company/Organization:	

SUBMIT THIS FORM AS DIRECTED IN THE REQUEST FOR SOLICITATION DOCUMENTS OR WITH THE OFFER

COUNTY OF SAN DIEGO - REQUEST FOR PROPOSAL (RFP) #5576
TREASURER-TAX COLLECTOR
AUDIT SERVICES
PROPOSAL TERMS AND CONDITIONS

1 RFP PROCESS

- 1.1 RFPs shall normally be made available on the County of San Diego's BuyNet Website. Firms may request a hard copy from Purchasing and Contracting Clerical Section.
- 1.2 The County reserves the right to host pre-proposal conference(s). If scheduled, the date, time, and location for the first pre-proposal conference can be found in the Cover Letter to this RFP and on BuyNet.
- 1.3 Diligence Material, if provided, is subject to the following disclaimer: Neither the County nor any of its agents, advisors, or representatives has made or makes any representation or warranty, express or implied, as to the accuracy or completeness of the Diligence Material. Without limiting the generality of the foregoing, the Diligence Material may include certain assumptions, statements, estimates, and projections provided by or with respect to the County. Such assumptions, statements, estimates, and projections reflect various assumptions made by the County, which assumptions may or may not prove to be correct. No representations are made by the County as to the accuracy of such assumptions, statements, estimates, or projections.
- 1.4 Offerors Inquiries and County Responses - All contacts from your organization related to this RFP or your Proposal must be directed in writing exclusively to the County's Contracting Officer. You should not attempt to contact any other County personnel about this RFP unless authorized by the Contracting Officer.
- 1.5 Written addenda to the RFP may be issued to provide clarifications, corrections, or to answer questions.
- 1.6 Proposals must be submitted by the time and date specified in the PC Form 600 and/or the Cover Letter. Late submissions cannot be reviewed unless it is the only one received or there was mishandling on the part of County staff.
- 1.7 Proposals will be evaluated by a Source Selection Committee (SSC) appointed by a Source Selection Authority(s) (SSA).
- 1.8 The County's Contracting Officer may seek clarifications for the SSC. The Contracting Officer shall determine the appropriate means of clarification: telephonic, email, letter, or oral interviews.
- 1.9 Upon recommendation of the SSA, negotiations may be held with one or more Offerors. Negotiations will be concluded with those firms remaining in the competitive range, which shall conclude with a request for Best and Final Offer (BAFO).
- 1.10 The County of San Diego, Contracting Officer will notify all Offerors and post a Notice of Intent to Award for five workdays after receipt and approval of the Source Selection Authority(s) recommendation to award.
- 1.11 The Department of Purchasing and Contracting will notify all Offerors of the status of each Proposal, prior to posting the Notice of Intent to Award.
- 1.12 Below is the County's anticipated timeline for award of this contract:

Event Description	Target Date(s)
RFP Issued	May 31, 2012
Pre-Proposal Conference	June 18, 2012
Final Deadline for questions due	June 25, 2012
Proposals due	July 13, 2012
Source Selection Committee evaluates RFPs	July-August 2012
Notice of Intent to Award/Contract Executed	September-October 2012

2 SUBMISSION OF PROPOSAL

- 2.1 RFPs, associated documents and addenda may be obtained from the Department of Purchasing and Contracting at 10089 Willow Creek Rd, Ste.150, San Diego, CA, 92131-1699 or by downloading from the department's Website "BuyNet" at <http://buynet.sdcountry.ca.gov/>. It is the Offeror's responsibility to periodically check the Website for addendum that may be issued to implement changes or clarification to the RFP, prior to the due date.
- 2.2 It is understood and agreed upon by the Offeror in submitting a Proposal that the County has the right to withhold all information regarding this procurement until after contract award, including but not limited to: the number received; competitive technical information; competitive price information; and the County evaluation concerns about competing Proposals. Information releasable after award is subject to the disclosure requirements of the Public Records Act, California Government Code Section 6250 and following.
- 2.3 Offerors shall submit an original prior to the date and time specified. In addition the Offeror may be requested to submit additional copies. These copies should be submitted along with the original. Failure to submit the required number of copies may result in finding of non-conformance. Originals should be clearly marked.

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TREASURER-TAX COLLECTOR

AUDIT SERVICES

PROPOSAL TERMS AND CONDITIONS

- 2.4 Unless otherwise specified proposals shall be on 8-1/2" x 11" white bond paper with no less than 1/2" margins and eleven (11) point font. Pages shall be consecutively numbered within the bottom or top margin of each page, including attachments, such that if the document became separated, it could easily be put back together. Ensure that each copy is securely fastened and original and all copies are submitted in a sealed envelope or box with the RFP number and the name and address of the Offeror on the outside of the package/container. Note: There does not need to be a separate envelope or package for each of the copies.
- 2.5 Unless otherwise specified the Proposal shall conform to the following format:
- 2.5.1 A completed and signed PC 600 Form shall be submitted as the cover of your proposal.
- 2.5.2 A completed and signed Representations and Certifications form shall be submitted as the second page of your Proposal.
- 2.5.3 INTENTIONALLY LEFT BLANK
- 2.5.4 A table of contents listing, by page number, and all other contents of the Proposal shall be submitted after the Representations and Certifications form.
- 2.5.5 The proposal shall be in the required format with all forms, responses and attachments sequentially numbered to correspond to the applicable question or requirement.
- 2.5.6 Each Proposal shall be typed and be concise but comprehensive. Proposal shall not include promotional material. Proposal shall be in accordance with the requirements discussed herein.
- 2.5.7 All information provided shall be verifiable by telephone. The County may, but is not obligated to, use only those telephone numbers, email addresses and names of contacts provided in the Proposal.
- 2.5.8 **Original proposal, both hard copy and electronic, shall be in black ink on white paper with no shading. Copies are not limited to black and white, like the original, but may make use of color and shading such as color paper, shaded graphs and tables, and color fonts.**
- 2.5.9 If confidential/proprietary is contained within the submission:
- 1) It must be submitted in a separate envelope marked as ***EXHIBIT-CONFIDENTIAL/PROPRIETARY***
 - 2) Responses to solicitation requirements that include the confidential/proprietary information, shall refer to the response contained within the ***EXHIBIT-CONFIDENTIAL/PROPRIETARY*** (for example: If submittal requirement #1 requires staff Social Security Numbers, the response to requirement #1 shall reflect "see response #1 contained within Exhibit-Confidential/Proprietary"); and
 - 3) It must include a signed Indemnification Certification.

3 EVALUATION AND SELECTION

- 3.1 Proposals will be evaluated based upon the information provided in response to the RFP "Evaluation and Submittal Requirements" and other information known to the County. This information may be provided by written material, electronic means, or oral presentations.
- 3.2 The County reserves the right to request clarification and/or request additional information from Offerors if necessary. Such clarifications and/or additional information shall be submitted by the Offerors as an Addendum to the Proposal upon request of the Contracting Officer. However, since no additional input may be requested, Offerors are advised to submit complete information in the Proposal.
- 3.3 The "Evaluation and Submittal Requirements" may authorize the use of presentations and/or interviews as a method of presenting the Offeror proposal or obtaining additional information. The Source Selection Committee (SSC) may invite competitive Offerors to make a presentation to, or participate in interviews with the County at a date, time and location determined by the County. The purpose of such presentations or interviews would be to allow the Offerors to present their proposed solutions to the County and for the SSC to obtain additional information; the key points in the Proposals will be evaluated by the SSC.
- 3.4 The evaluation to determine the competitive range shall use the non-exclusive list of criteria contain in "Evaluation and Submittal Requirements."
- 3.5 The overall total cost to the County will be considered in evaluation. Although cost may be of lesser importance as an evaluation factor, it should not be ignored. The degree of importance will increase with the degree of quality of the

COUNTY OF SAN DIEGO - REQUEST FOR PROPOSAL (RFP) #5576
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AUDIT SERVICES
PROPOSAL TERMS AND CONDITIONS

proposals with respect to the other evaluation factors.

3.6 INTENTIONALLY LEFT BLANK

3.7 INTENTIONALLY LEFT BLANK

3.8 The Source Selection Authority may, at its sole discretion, authorize the Contracting Officer to enter into negotiations with any Offeror(s) found to be in the competitive range.

3.9 Best and Final Offer request will be issued at the conclusion of negotiations and may contain additional selection discriminators. The Source Selection Committee shall review Best and Final Offer responses and make an award recommendation to the SSA.

3.10 Upon Posting of the Notice of Intent to Award, the Contracting Officer will enter into contract finalization negotiations and upon the successful completion, award an Agreement with the Offeror who's Proposal has been ranked first by the County on the basis of best value to the County.

4 SIGNATURE All Proposals shall be signed by an authorized officer or employee of the submitting organization. The title of the authorized officer or employee, the name, email, address and phone and fax number of the organization shall be included. Obligations committed by such signatures shall be fulfilled.

5 COST COMPARISONS The County Charter requires a finding of economy and efficiency prior to award of contracts for service that can be performed by persons employed in the Classified Service to an independent contractor. It is the intent, subject to a finding of economy and efficiency, to contract for these services. The cost comparison is subject to review and approval by the Chief Administrative Officer.

6 PROPRIETARY INFORMATION All proposals become the property of the County of San Diego unless return is specifically requested as specified in Paragraph 10. The County is a public agency subject to the disclosure requirements of the Public Records Act, California Government Code Section 6250 and following. These requirements include an exemption for "trade secrets." If any proprietary information is contained in or attached to the written proposal, it must be clearly identified (see paragraph 2.5.9). In order to protect trade secrets from disclosure, pursuant to a Public Records Acts request, you must agree in writing to defend and indemnify the County if litigation results.

7 INTERLOCKING DIRECTORATE In accordance with Board of Supervisors Policy A-79, if Offeror is a non-profit as indicated on the Representations and Certifications form, paragraph 2, Offeror is required to identify any related for-profit subcontractors in which an interlocking directorate, management or ownership relationship exists. By submission of this bid or proposal, Offeror certifies he will not enter into a subcontract relationship with a related for-profit entity if Offeror is a non-profit entity. If Offeror is a non-profit and will be subcontracting with a related for-profit entity, Offeror must list the entity(s) on the Representations and Certifications form, and any resulting contract must be approved by the Board of Supervisor.

8 UNNECESSARILY ELABORATE INFORMATION Unnecessarily elaborate brochures, visual or other presentations, art work and paper and binding beyond those sufficient to present a complete and effective Proposal are neither necessary nor desired.

9 COUNTY COMMITMENT

9.1 County shall have the right to reject or accept any Proposal or offer, or any part thereof (e.g., any component of any proposed solution) for any reason whatsoever and to accept other than the lowest offer, at its sole discretion.

9.2 This RFP does not commit the County to award, nor does it commit the County to pay any cost incurred in the submission of the Proposal, or in making necessary studies or designs for the preparation thereof, nor procure or contract for services or supplies. Further, no reimbursable cost may be incurred in anticipation of a contract award.

9.3 The County reserves the right to accept or reject any or all proposals received as a result of this solicitation, or to negotiate with any qualified source, or to cancel in part or in its entirety this solicitation if it is in the best interest of the County.

9.4 The County reserves the right to terminate this RFP at any time prior to contract execution.

9.5 No prior, current, or post award verbal conversation or agreement(s) with any officer, agent, or employee of the County shall affect or modify any terms or obligations of this RFP, or any contract resulting from this procurement.

10 LATE, MODIFIED, OR WITHDRAWN PROPOSAL

10.1 Any Proposal received at the office designated in the solicitation after the exact time specified for receipt will not be considered unless it is received before award is made; and

COUNTY OF SAN DIEGO - REQUEST FOR PROPOSAL (RFP) #5576

TREASURER-TAX COLLECTOR

AUDIT SERVICES

PROPOSAL TERMS AND CONDITIONS

10.1.1 It was sent by mail, and it is determined by the County that the late receipt was due solely to mishandling by the County after receipt at the County; or

10.1.2 It is the only Proposal received.

10.2 Any modification of a Proposal, except a modification resulting from the Contracting Officer's request for "Best and Final Offer," is subject to the same conditions as the initial submission.

10.3 Proposals may be withdrawn by written notice received at any time prior to Notice of Intent to Award. Thereafter, all Proposals constitute firm offers, subject to negotiation and execution of definitive documents that will remain open and cannot be revoked, withdrawn, or modified for a period of six (6) months thereafter. Proposals may be withdrawn in person by an Offeror or an authorized representative, provided the authorized representative's identity is made known and the representative signs a receipt for the Proposal prior the posting of Notice of Intent to Award a contract.

11 NON-CONFORMING SUBMISSIONS Any submission may be construed as a non-conforming Proposal and ineligible for consideration if it does not comply with the requirements of the Request for Proposal. Failure to comply with the technical features, and acknowledgment of receipt of amendments, are common causes for holding a Proposal non-conforming.

12 KNOWLEDGE OF RFP AND PROPOSAL CONDITIONS Before submitting a Proposal, Offerors shall carefully read all sections of this RFP, including all forms, schedules and exhibits, and shall fully inform themselves as to all existing conditions and limitations.

13 DUTY TO INQUIRE Should an Offeror find discrepancies in or omissions from the RFP, plans, specifications or other documents, or should the Offeror be in doubt as to their meaning, the Offeror shall at once notify the Contracting Officer in writing. If the point in question is not clearly and fully set forth, a written addendum will be issued and posted on the County's Website "BuyNet." It is the Offerors responsibility to periodically check the Website for such addenda. The County will not be responsible for any oral instructions nor for any written materials provided by any County personnel that are not also posted on BuyNet.

14 EXPLANATION TO PROPOSERS Any explanation desired by an Offeror regarding the meaning or interpretation of the Proposal must be directed in writing exclusively to the County's Contracting Officer. The preferred method of delivering written questions is by e-mail or by an internationally recognized courier to the address listed in the Cover Letter. Telephone calls will not be accepted. In no event will the County be responsible for ensuring that prospective Offerors' inquiries have been received by the County. You should not attempt to contact any other County personnel about this RFP solicitation. Oral explanations or instructions will not be binding. Any explanation concerning a solicitation will be provided to all prospective Offerors through posting on BuyNet in the form of an addendum to the solicitation. No response will be provided to questions received after the date stated in the Cover Letter.

15 PROTEST PROCEDURE County policy A-97 requires that contracts resulting from a negotiated procurement shall be awarded only after a notice of the proposed award has been posted in a public place.

All protests shall be made in writing, and shall be filed with the Contracting Officer identified in the solicitation package. A protest shall be filed on the earliest of the following dates: (i) within five business days after a notice of Intent to Award the contract has been posted in a public place in the County's Contracting Office or County Internet website, (ii) within five business days after the County provides notification that the proposal is no longer under consideration, or (iii) by Noon on the day before the Board of Supervisors is scheduled to consider the matter.

Copies of the Board Policy are available from the Clerk of the Board, 1600 Pacific Highway, San Diego, CA 92101, or on the County's Web site at <http://www.sdcounty.ca.gov/> under the Clerk of the Board's page.

16 DEBRIEF AND REVIEW OF CONTRACT FILES When an Offeror has been notified by the Contracting Officer, that the proposal is no longer being considered for award, the Offeror may request a "debriefing" from the Contracting Officer on the findings about that one proposal (with no comparative information about proposals submitted by others).

After contract award, any interested party may make an appointment to review the files to look at all Proposals, the Source Selection Committee Report and any other information in the file. Copies of any documents desired by the reviewer will be prepared and sold to the requestor at current County prices for such information.

17 NEWS RELEASES Offerors shall not issue any news release pertaining to this RFP without prior written approval of the County's Contracting Officer, which may be withheld in such Officer's sole discretion. A minimum of two (2) business day's notice is required for approval.

18 CLAIMS AGAINST THE COUNTY Neither your organization nor any of your representatives shall have any claims whatsoever against the County or any of its respective officials, agents, or employees arising out of or relating to this RFP or

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PROPOSAL TERMS AND CONDITIONS

these procedures (other than those arising under a definitive Agreement with your organization in accordance with the terms thereof).

- 19 EMPLOYMENT OFFERORS** Until contract award, Offerors shall not, directly or indirectly, solicit any employee of the County to leave the County's employ in order to accept employment with the Offeror, its affiliates, actual or prospective contractors, or any person acting in concert with the Offeror, without prior written approval of the County's Contracting Officer. This paragraph does not prevent the employment by an Offeror of a County employee who has initiated contact with the Offeror.
- 20 TIMING AND SEQUENCE** of events resulting from this RFP shall ultimately be determined by the County.
- 21 CALIFORNIA REVENUE AND TAXATION CODE SECTION 18662** In compliance with California Revenue and Taxation code section 18662, if you are a non-resident of California (out-of-state invoices) who receives California source income, the County will pay California Use Tax directly to the State of California per permit no. SR FH 25-632384. Fifteen (15) business days prior to the first payment, new suppliers or suppliers with expired forms or forms with incorrect information, must submit new forms to the County (forms are available from the Franchise Tax Board Website listed below).

Under certain circumstances, you may be eligible for reduced or waived nonresident withholding. If you have already received a waiver or a reduced withholding response from the State of California and the response is still valid, submit the response to the County in lieu of the forms. Failure to submit the required forms will result in withholding of payments. Refer to the Franchise Tax Board websites (listed below) for tax forms and information on non-resident withholding, including waivers or reductions. The County will not give you any tax advice. It is recommended you speak with your tax adviser and/or the State of California for guidance.

Franchise Tax Board Websites:

<http://www.ftb.ca.gov>

http://www.ftb.ca.gov/individuals/Withholding_Definitions.shtml

http://www.ftb.ca.gov/individuals/wsc/Processing_Changes_for_2010.shtml

http://www.ftb.ca.gov/individuals/wsc/forms_and_publications.shtml

http://www.ftb.ca.gov/individuals/wsc/decision_chart.shtml

If selected for award, the Offeror is to submit forms to the Auditor & Controller via fax at (619) 531-5417 or mail originals to: County of San Diego, 1600 Pacific Hwy, Room 061, San Diego, CA 92101. The P.O. Number or Contract Number (if available) and "California Revenue and Taxation Code Section 18662" must appear on fax cover sheet and/or the outside of the mailing envelope.

- 22 W-9 FORM** If selected for award, the Offeror must complete and submit a W-9 form if a current form is not on file with the County.

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AUDIT SERVICES
EVALUATION AND SUBMITTAL REQUIREMENTS

Proposal Submittal and Evaluation

General Instructions

Submit one (1) original and four (4) hard copies for a total of five (5) of both the technical and price proposals (submitted separately), and one (1) CD in Word or PDF format. Please submit electronic copy of your proposal into separate files for technical and pricing but as few total files as possible. **For purposes of determining responsiveness/non-responsiveness to this procurement, the conforming documentation will be the original, hard copy document.**

Submit separately bound technical and price proposals. Technical and price proposals shall each be submitted in a separate sealed envelope. No price data are to be included in the technical proposals. Technical proposals will be examined prior to review and price information will be removed or the County may declare a proposal non-responsive because of the inclusion of price data in the technical proposal and thus eliminate it from further evaluation.

Narrative description shall be limited to thirty (30) pages plus any required forms, tables, and resumes. The page limit excludes all mandatory submittal requirements. Sample, literature and other materials may be submitted as appendices. Proposers are cautioned that evaluations may be made on the basis of the technical proposal alone and that the County is under no obligation to consider these added materials. Therefore, it is a good practice in the narrative to describe the purpose of any information in the separately bound volumes. **Each proposal shall have sufficient level of detail to enable the County to complete a thorough evaluation of the proposal's compliance with the County's requirements. The proposal should be specific, detailed, and complete while clearly and fully demonstrating that the proposer has a thorough understanding of the County requirements and the knowledge necessary to meet the requirements. Although all the elements of the proposal cannot be detailed in advance, the proposal shall be sufficiently specific to show how the proposer will comply with applicable requirements.** Statements to the effect that the proposer *understands* the specifications or *can/will comply* with the specifications, and statements paraphrasing the specifications or parts thereof are considered inadequate. Phrases such as "standard procedures will be employed" or "well known techniques will be used" do not provide any indication of proposer's ability to perform the required work. Any previously submitted data will not be considered. Evaluators can only consider the written proposal submitted with your explanation of how you will accomplish the required work and how your previous experience related to the requirements of this RFP.

Technical Proposal

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the Treasury in conformity with the requirements of the request for proposals. As such, the substance of proposals will carry more weight than the form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The technical proposal should address all points outlined in this request for proposals and should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. The technical proposal shall be submitted in the following order.

- Completed P&C 600 Form as the cover page of both the technical and price proposal
- Representation and Certifications Form, which will be the second page of the proposal
- Indemnification Certification (if required)
- Transmittal letter
- Table of Contents which lists all proposal pages by sequentially numbered pages
- Technical proposal, including requirement definition questions and answers from the Statement of Work

Pricing Proposal (IN A SEPARATE ENVELOPE)

The County of San Diego will not be responsible for expenses incurred in preparing and submitting the technical proposal or the price proposal. Such costs should not be included in the proposal. Provide separate price proposals for each audit

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service per this RFP. Proposals for each audit service will be evaluated separately by the Source Selection Committee. If there is a bundle price for the award of multiple audit service contracts, then the bundle price must be submitted in a separate price proposal. Price will be evaluated for best overall value to the County. Although price is of lesser importance as an evaluation factor, it will not be ignored.

The pricing proposal shall be submitted in the following order:

- Completed P&C 600 Form as the cover page of both the technical and price proposal
- Representation and Certifications Form, which will be the second page of the proposal
- Pricing proposal, as per Exhibit C

Pro Forma Contract Acceptance/Clause Exception(s) Statement

The County's preferred form of pro forma service contract that the County is prepared to execute as a binding contractual agreement is set forth herein and is accessible in electronic form.

You are to indicate your acceptance or rejection of the proposed pro forma contract and insurance requirements, including insurance terms. If you do not accept the terms of any clause as written, propose the specific language changes (deletions and insertions) that would make the term acceptable to your organization; if you need clarification indicate specific wording that you find unclear, and why you consider it unclear. Statements that you find the agreement "generally acceptable" or that you "reserve the right to negotiate particular provisions," or that certain terms need "to be discussed" may be deemed non-responsive. Failure to specifically reject a proposed term will be deemed an acceptance of such term. In addition, if you intend to propose terms that are more favorable to the County than the terms of the pro forma contract, do so and propose the specific language changes that would make the terms more favorable. Submit a marked draft in electronic form indicating any changes to the pro forma contract.

The County may or may not elect to negotiate any exceptions taken as part of its pre-selection or post-selection process. Should Offeror take exception(s) to the pro forma agreement, Offeror understands that the County may, as part of its evaluation process, conclude that exceptions are so numerous and/or material as to make Offeror's response to the solicitation unacceptable.

PASS/FAIL SECTION: IN PARTICULAR TO SOW SECTION 3.1, IF OFFEROR IS UNABLE TO MEET THIS REQUIREMENT, OFFEROR'S PROPOSAL DOES NOT QUALIFY AND WILL NOT BE CONSIDERED.

1. EXPERIENCE/QUALIFICATIONS

- 1.1 **Offeror's Resume** - Provide the firm's experience in audits of local governments as well as experience with review of Comprehensive Annual Financial Statements in GASB 34 format, to include the following:

- 1.1.1 Size of the firm, the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, the number and nature of the professional staff to be employed in this engagement on a full-time basis, and the number and nature of the staff to be so employed on a part-time basis.
- 1.1.2 Provide the range of activities performed by the local office, e.g., audit, accounting, tax service and/or management consulting services.
- 1.1.3 Provide a list of all current municipal clients.
- 1.1.4 Submit a copy of a report on its most recent external quality control review (peer review) with a statement whether that quality control review included a review of specific government engagements (required by Government Audit Standards (1994).
- 1.1.5 Provide information on the results of any Federal or State desk reviews or filed reviews of its audits during the past three (3) years. In addition, the Proposer shall provide information on the

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circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with State regulatory bodies or professional organizations.

2. STAFFING AND PROJECT ORGANIZATION

- 2.1 **Staffing** - Identify the principal supervisory and management staff, including the engagement partners, managers, other supervisors and specialists who would be assigned to this engagement. Include resumes, indicating whether each such person is registered or licensed to practice as a certified public accountant in California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past (3) years and membership in professional organizations relevant to the performance of this audit.

- 2.1.1 Provide the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the engagement will be assured.

NOTE: Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firms, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the County of San Diego. However, in either case, the County of San Diego retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the Proposer, provided that replacements have substantially the same or better qualifications or experience.

- 2.2 **Engagements** - List the most significant engagements (maximum – 5) performed in the last three (3) years that are similar to the engagement described in this request for proposals (for the firm's office assigned audit responsibility). Include total staff hours and indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. Provide information regarding clients that the firm serves that have received the GFOA Award for Excellence in Financial Reporting.
- 2.3 **References** - Provide a list of not less than five client references for which services similar to those outlined in the RFP are currently being provided. For each reference listed, provide the name of the organization; dates for which the services are being provided; type of services being provided; and the name, address, telephone number and email of the responsible person within the reference's organization. The County will make no more than three attempts to contact a reference. The inability to contact a reference will be treated as an unfavorable reference/response. Offeror may be found non-responsive if it receives a majority of unfavorable responses.

3. WORK PLAN

- 3.1 Provide a work plan, including an explanation of the audit methodology to be followed, to perform the services required in the Statement of Work for this RFP.
- 3.2 Provide the following information on their audit approach:
- Proposed segmentation for the engagement
 - Level of staff and number of hours to be assigned to each proposed segment of the engagement
 - Sample size and the extent to which statistical sampling is to be used in this engagement
 - Type and extent of analytical procedures to be used in this engagement
 - Approach to be taken to gain and document an understanding of the Treasury's internal control structure
 - Approach to be taken in assessing areas of risk that will be subject to audit procedures with respect to Statements on Auditing Standards (SAS) 104-112
 - Approach to be taken in determining laws and regulations that will be subject to audit test work
 - Approach to be taken in drawing audit samples for purposes of tests of compliance
 - Timeline for completion of the audit to provide an opinion letter

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- 3.3 Identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from County staff.

4. PRICE PROPOSAL

The County is requesting price schedules and other information for a fixed price contract. The County is committed to obtaining optimal cost efficiency for the County; i.e.; lowest overall price for the highest overall performance. The County, therefore, reserves the right to award contracts based among other factors of best value to the County.

Provide all-inclusive maximum price for each audit being proposed, including all direct and indirect costs as well as all out-of-pocket expenses. Hourly rates are to be provided as well.

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TREASURER-TAX COLLECTOR AUDIT SERVICES

DRAFT PRO FORMA SERVICE AGREEMENT

INCLUDES:

Exhibit A-Statement of Work

Exhibit B-Insurance and Bonding Requirements

Exhibit C-Pricing/Payment Schedule

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AGREEMENT

This Agreement ("Agreement") is made and entered into on the date shown on the signature ("Effective Date") by and between the County of San Diego, a political subdivision of the State of California ("County") and Contractor **[enter full corporate title, describe company, located at (complete address)]** ("Contractor"), with reference to the following facts:

RECITALS

- A. Pursuant to Administrative Code section 401, the County's Director of Purchasing and Contracting is authorized to award this Contract for **[insert purpose]**
- B. Contractor is specially trained and possesses certain skills, experience, education and competency to perform these services.
- C. The Chief Administrative Officer made a determination that Contractor can perform the services more economically and efficiently than the County, pursuant to [Section 703.10 of the County Charter](#).
- D. County entered into an interim Contract with Consultant, effective **[insert date]** to initiate this critical work, while the Contract was being negotiated. County and Consultant finalized negotiations, resulting in this Contract, which supersedes the interim Contract. **[INCLUDE PARAGRAPH D ONLY IF AN INTERIM CONTRACT WAS USED.]**
- E. The Agreement shall consist of this pro forma Agreement, Exhibit A Statement of Work, Exhibit A-1 **[include Contractor's bid or proposal and BAFO as Exhibit A-1 where applicable]**, Exhibit B Insurance Requirements and Exhibit C, **[Payment schedule or Contractor's Budget]**. In the event that any provision of the Pro Forma Agreement or its Exhibits, A, A-1, B or C, conflicts with any other term or condition, precedence shall be: First (1st) the Pro Forma; Second (2nd) Exhibit B; Third (3rd) Exhibit A; Fourth (4th) Exhibit C; and fifth (5th), Exhibit A-1.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE 1
PERFORMANCE OF WORK

- 1.1 **Standard of Performance.** Contractor shall, in good and workmanlike manner and in accordance with the highest professional standards, at its own cost and expense, furnish all of the labor, technical, administrative, professional and all other personnel, all supplies and materials, equipment, printing, transportation, facilities, and all other means whatsoever, except as herein otherwise expressly specified to be furnished by County, necessary or proper to perform and complete the work and provide the services required of Contractor by this Agreement.
- 1.2 **Contractor's Representative.** The person identified on the signature page ("Contractor's Representative") shall ensure that Contractor's duties under this Agreement shall be performed on behalf of the Contractor by qualified personnel; Contractor represents and warrants that (1) Contractor has fulfilled all applicable requirements of the laws of the State of California to perform the services under this Agreement and (2) Contractor's Representative has full authority to act for Contractor hereunder. Contractor and County recognize that the services to be provided by Contractor's Representative pursuant to this Agreement are unique; accordingly, Contractor's Representative shall not be changed during the Term of the Agreement without County's written consent. County reserves the right to terminate this Agreement pursuant to Clause 7.1, below, "Termination for Default", if Contractor's Representative should leave Contractor's employ, or if, in County's judgment, the work hereunder is not being performed by Contractor's Representative.
- 1.3 **Contractor as Independent Contractor.** Contractor is, for all purposes of this Agreement, an independent Contractor, and neither Contractor nor Contractor's employees or subcontractors shall be deemed to be employees of the County. Contractor shall perform its obligations under this Agreement according to the Contractor's own means and methods of work which shall be in the exclusive charge and under the control of the Contractor, and which shall not be subject to control or supervision by County except as to the results of the work. Neither Contractor nor Contractor's employees or subcontractors shall be entitled to any benefits to which County employees are entitled, including without limitation, overtime, retirement benefits, workers' compensation benefits and injury leave.
- 1.4 **Contractor's Agents and Employees or Subcontractors.** Contractor shall obtain, at Contractor's expense, all agents, employees and subcontractors required for Contractor to perform its duties under this Agreement, and all such services shall be performed by Contractor's Representative, or under Contractor's Representatives' supervision, by persons authorized by law to perform such services. Retention by Contractor of any agent, employee or subcontractor shall be at Contractor's sole cost and expense, and County shall have no obligation to pay Contractor's agents, employees or subcontractors; to support any such person's or entity's claim against the Contractor; or to defend Contractor against any such claim.

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Any subcontract which is in excess of five thousand dollars (\$5,000) or a combination of subcontracts to the same individual or firm for the Agreement period must have prior concurrence of the Contracting Officer Technical Representative. Contractor shall provide Contracting Officer Technical Representative with copies of all other subcontracts relating to this Agreement entered into by Contractor within 30 days after the effective date of the subcontract. Such subcontractors of Contractor shall be notified of Contractor's relationship to County. "Subcontractor" means any entity, other than County, that furnishes to Contractor services or supplies relevant to this Agreement other than standard commercial supplies, office space, and printing services.

- 1.4.1 Contractor Responsibility. In the event any subcontractor is utilized by Contractor for any portion of the project, Contractor retains the prime responsibility for carrying out all the terms of this Agreement, including the responsibility for performance and insuring the availability and retention of records of subcontractors in accordance with this Agreement. No subcontract utilizing funds from this Agreement shall be entered into which has a term extending beyond the ending date of this Agreement.
- 1.4.2 Mandated Clause. All subcontracts shall include the Standard Terms and Conditions required of Contractor herein.
- 1.4.3 County Approval. As identified above, all subcontracts under this Agreement shall have prior written approval of the Contracting Officer Technical Representative.

ARTICLE 2
SCOPE OF WORK

- 2.1 Statement of Work. Contractor shall perform the work described in the "Statement of Work" attached as Exhibit "A" to this Agreement, and by this reference incorporated herein, except for any work therein designated to be performed by County.
- 2.2 Right To Acquire Equipment and Services. Nothing in this Agreement shall prohibit the County from acquiring the same type or equivalent equipment and/or service from other sources, when deemed by the County to be in its best interest.
- 2.3 Responsibility For Equipment. For cost reimbursement Agreements, County shall not be responsible nor be held liable for any damage to persons or property consequent upon the use, misuse, or failure of any equipment used by Contractor or any of Contractor's employees, even though such equipment may be furnished, rented, or loaned to Contractor by County. The acceptance or use of any such equipment by Contractor or Contractor's employees shall be construed to mean that Contractor accepts full responsibility for and agrees to exonerate, indemnify and hold harmless County from and against any and all claims for any damage whatsoever resulting from the use, misuse, or failure of such equipment, whether such damage be to the employee or property of Contractor, other Contractors, County, or other persons. Equipment includes, but is not limited to material, computer hardware and software, tools, or other things.

Contractor shall repair or replace, at Contractor's expense all County equipment or fixed assets that are damaged or lost as a result of Contractor negligence.

- 2.4 Non-Expendable Property Acquisition. County retains title to all non-expendable property, which Contractor may acquire with funds from this Agreement if payment is on a cost reimbursement basis, including property acquired by lease purchase agreement. Contractor may not expend funds under this Agreement for the acquisition of non-expendable property having a unit cost of \$5,000 or more and a normal life expectancy of more than one year without the prior written approval of Contracting Officer Technical Representative. Contractor shall maintain an inventory of non-expendable equipment, including dates of purchase and disposition. Inventory records on expendable equipment shall be retained, and shall be made available to the County upon request, for at least three years following date of disposition.

ARTICLE 3
DISENTANGLEMENT

- 3.1 General Obligations
Contractor shall accomplish a complete transition of the Services being terminated from Contractor and the Subcontractors to County, or to any replacement provider designated by County, without any interruption of or adverse impact on the Services or any other services provided by third parties (the "Disentanglement"). Contractor shall fully cooperate with County and any new service provider and otherwise promptly take all steps, including, but not limited to providing all requested information, required to assist County in effecting a complete Disentanglement. Contractor shall provide all information regarding the Services or as otherwise needed for Disentanglement, including data conversion, files, interface specifications, training staff assuming responsibility, and related professional services. Contractor shall provide for the prompt and orderly conclusion of all work, as County may direct, including completion or partial completion of projects, documentation of work in process, and other measures to assure an orderly transition to County or the County's designee. All services related to Disentanglement shall be

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performed by Contractor at no additional cost to County beyond what County would pay for the services absent the performance of the Disentanglement services. Contractor's obligation to provide the Services shall not cease until the Disentanglement is satisfactory to County, including the performance by Contractor of all asset-transfers and other obligations of Contractor provided in this Paragraph, has been completed.

3.2 Disentanglement Process

The Disentanglement process shall begin on any of the following dates: (i) the date County notifies Contractor that no funds or insufficient funds have been appropriated so that the Term shall be terminated pursuant to the Agreement, Article 7; (ii) the date designated by County not earlier than sixty (60) days prior to the end of any initial or extended term that County has not elected to extend pursuant to the Agreement's, Signature Page, Contract Term; or (iii) the date any Termination Notice is delivered, if County elects to terminate any or all of the Services pursuant to the Agreement, Article 7. Subject to Exhibit A Contractor's obligation to perform Disentangled Services, and County's obligation to pay for Disentangled Services, shall expire: (A) when funds appropriated for payment under this Agreement are exhausted, as provided in this Agreement, Article 7; (B) at the end of the initial or extended term set forth in this Agreement's, Signature Page, Contract Term; or (C) on the Termination Date, pursuant to this Agreement, Article 7 (with the applicable date on which Contractor's obligation to perform the Services expires being referred to herein as the "Expiration Date"). Contractor and County shall discuss in good faith a plan for determining the nature and extent of Contractor's Disentanglement obligations and for the transfer of the Disentangled Services in process provided, however, that Contractor's obligation under this Agreement to provide all Disentangled Services shall not be lessened in any respect.

3.3 Specific Obligations

The Disentanglement shall include the performance of the following specific obligations:

3.3.1 No Interruption or Adverse Impact

Contractor shall cooperate with County and all of the County's other service providers to ensure a smooth transition at the time of Disentanglement, with no interruption of Services, no adverse impact on the provision of Services or County's activities, no interruption of any services provided by third parties, and no adverse impact on the provision of services provided by third parties.

3.3.2 Third-Party Authorizations

Without limiting the obligations of Contractor pursuant to any other clause in Exhibit A herein, Contractor shall, subject to the terms of any third-party contracts, procure at no charge to County any third-party authorizations necessary to grant County the use and benefit of any third-party contracts between Contractor and third-party contractors used to provide the Services, pending their assignment to County.

3.3.3 Licenses to Proprietary Software *[NOTE – only include this paragraph in software agreements.]*

For any software programs developed for use under County's contract, Contractor shall provide a nonexclusive, nontransferable, fully-paid, perpetual, irrevocable, royalty-free worldwide license to the County (or other service provider, as the case may be), at no charge to County, to use, copy, and modify, all Contractor Underlying Works and Contractor Derivatives that would be needed in order to allow County to continue to perform for itself, or obtain from other providers, the Services as the same might exist at the time of Disentanglement. Contractor shall also provide County with a copy of each such program, in such media as requested by County, together with object code, source code, and appropriate documentation. Contractor shall also offer to County the right to receive maintenance (including all enhancements and upgrades) and support with respect to such Contractor Underlying Works and Contractor Derivatives for so long as County requires, at the best rates Contractor is offering to other major customers for services of a similar nature and scope. |

3.3.4 Return, Transfer and Removal of Assets

3.3.4.1 Contractor shall return to County all County assets in Contractor's possession, pursuant to Paragraph 2.4 of the Agreement.

3.3.4.2 County shall be entitled to purchase at net book value those Contractor assets used for the provision of Services to County, other than those assets expressly identified by the Parties from time to time as Shared Resources, such Contractor assets as County may select. Contractor shall promptly remove from County's premises, or the site of the work being performed by Contractor for County, any Contractor assets that County, or its designee, chooses not to purchase under this provision.

3.3.5 Transfer of Leases, Licenses, and Contracts

Contractor, at its expense, shall convey or assign to County or its designee such leases, licenses, and other contracts used by Contractor, County, or any other Person in connection with the Services, as County may select, when such leases,

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licenses, and other contracts have no other use by Contractor. Contractor's obligation described herein, shall include Contractor's performance of all obligations under such leases, licenses, and other contracts to be performed by it with respect to periods prior to the date of conveyance or assignment and Contractor shall reimburse County for any Losses resulting from any claim that Contractor did not perform any such obligations.

3.3.6 Delivery of Documentation

Contractor shall deliver to County or its designee, at County's request, all documentation and data related to County, including the County Data, held by Contractor, and Contractor shall destroy all copies thereof not turned over to County, all at no charge to County. Notwithstanding the foregoing, Contractor may retain one (1) copy of the documentation and data, excluding County Data, for archival purposes or warranty support.

ARTICLE 4
COMPENSATION

The Payment Schedule, and/or budget are in Exhibit C and the compensation is on the signature page. County will pay Contractor the agreed upon price(s), pursuant to Exhibit C for the work specified in Exhibit A, Statement of Work. The County is precluded from making payments prior to receipt of services (advance payments). Contractor shall provide and maintain an accounting and financial support system to monitor and control costs to assure the Agreements completion. Invoices are subject to the requirements below.

4.1 Fiscal for Fixed Pricing.

4.1.1 General Principles. Contractor shall, comply with generally accepted accounting principles and good business practices, including all applicable cost principles published by the Federal Office of Management and Budget, which can be viewed at <http://www.whitehouse.gov/omb/circulars>. Contractor shall comply with all federal, State and other funding source requirements. ***[include all state or other funding source requirements]***. Contractor shall, at its own expense, furnish all cost items associated with this Agreement except as herein otherwise specified in the budget or elsewhere to be furnished by County.

4.1.2 Invoices. Payment for the services performed under this Agreement shall be in accordance with Exhibit C, unless other payment methodologies are negotiated and agreed to by both Contractor and County. Contractor shall submit approved invoices monthly to the Contracting Officer's Technical Representative ("COTR") for work performed in the monthly period, accordingly. Contractor's monthly invoices shall be completed and submitted in accordance with written COTR instructions and shall include a statement certifying whether it is in compliance with Paragraph 8.9 of this Agreement.

4.1.3 Payments. ***Option (1) Use this for all service expenditure contracts and delete Option 2.*** County agrees to pay Contractor in arrears only after receipt and approval by COTR of properly submitted, detailed and itemized original invoice referencing the Agreement number ***[and a detailed listing of each pay point target, accomplishment, unit price and/or percentages, and showing the appropriate calculation for each, a progress report documenting the status and accomplishments of Contractor during the billing period (Modify this clause as required to reflect the type of payment structure for your specific Agreement – any of these or a combination each, or some other methodology may be utilized!)] pursuant to Exhibit C]***. Payment shall be NET 30 days from receipt and approval of invoice unless otherwise stated.

4.2 Full Compensation. Pending any adjustments by the COTR, each invoice approved and paid shall constitute full and complete compensation to the Contractor for all work completed during the billing period pursuant to Exhibit A and Exhibit C. Contractor shall be entitled only to compensation, benefits, reimbursements or ancillary services specified in this Agreement.

4.3 Prompt Payment for Vendors and Subcontractors

4.3.1 Prompt payment for vendors and subcontractors.

4.3.1.1 Unless otherwise set forth in this Paragraph, Contractor shall promptly pay its vendors and subcontractor(s) for satisfactory performance under its subcontract(s) to this Agreement. Such prompt payment shall be no later than thirty (30) days after Contractor receives payment for such services from County and shall be paid out of such amounts as are paid to Contractor under this Agreement.

4.3.1.2 Contractor shall include a payment clause conforming to the standards set forth in Paragraph 4.3.1.1 of this Agreement in each of its subcontracts, and shall require each of its subcontractors to include such a clause in their subcontracts with each lower-tier subcontractor or supplier.

4.3.2 If Contractor, after submitting a claim for payment to County but before making a payment to a vendor or subcontractor for the goods or performance covered by the claim, discovers that all or a portion of the payment otherwise due such

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vendor or subcontractor is subject to withholding from the vendor or subcontractor in accordance with the vendor or subcontract agreement, then the Contractor shall:

4.3.2.1 Furnish to the vendor or subcontractor and the COTR within three (3) business days of withholding funds from its vendor or subcontractor a notice stating the amount to be withheld, the specific causes for the withholding under the terms of the subcontract or vendor agreement; and the remedial actions to be taken by the vendor or subcontractor in order to receive payment of the amounts withheld;

4.3.2.2 Contractor shall reduce the subcontractor's progress payment by an amount not to exceed the amount specified in the notice of withholding furnished under paragraph 4.3.2.1 of this Agreement and Contractor may not claim from the County this amount until its subcontractor has cured the cause of Contractor withholding funds;

4.3.2.3 Upon the vendor's or subcontractor's cure of the cause of withholding funds, Contractor shall pay the vendor or subcontractor as soon as practicable, and in no circumstances later than ten (10) days after the Contractor claims and receives such funds from County.

4.3.3 Contractor shall not claim from County all of or that portion of a payment otherwise due to a vendor or subcontractor that Contractor is withholding from the vendor or subcontractor in accordance with the subcontract agreement where Contractor withholds the money before submitting a claim to County. Contractor shall provide its vendor or subcontractor and the COTR with the notice set forth in Paragraph 4.3.2.13 of this Agreement and shall follow Paragraph 4.3.2.3 of this Agreement when vendor or subcontractor cures the cause of Contractor withholding its vendors or subcontractor's funds.

4.3.4 Overpayments. If Contractor becomes aware of a duplicate contract financing or invoice payment or that County has otherwise overpaid on a contract financing or invoice payment, Contractor shall immediately notify the COTR and request instructions for disposition of the overpayment.

4.4 Conditions Prerequisite To Payments. County may elect not to make a particular payment if any of the following exists:

4.4.1 Misrepresentation. Contractor, with or without knowledge, made any misrepresentation of substantial and material nature with respect to any information furnished to County.

4.4.2 Unauthorized Actions by Contractor. Contractor took any action pertaining to this Agreement, which required County approval, without having first received said County approval.

4.4.3 Default. Contractor was in default under any terms and conditions of this Agreement.

4.5 Withholding Of Payment. County may withhold payment until reports, data, audits or other information required for Agreement administration or to meet County or State reporting or auditing requirements are received and approved by COTR or designee. The County may also withhold payment if, in the County's opinion, Contractor is in non-compliance with this Agreement.

4.6 Availability of Funding. The County's obligation for payment of any Agreement beyond the current fiscal year is contingent upon the availability of funding from which payment can be made. No legal liability on the part of the County shall arise for payment beyond June 30 of the calendar year unless funds are designated by the County and are made available for such performance.

County shall, in its sole discretion, have the right to terminate or suspend Agreement or reduce compensation and service levels proportionately upon thirty (30) days' written notice to Contractor in the event that Federal, State or County funding for this Agreement ceases or is reduced prior to the ordinary expiration of the term of this Agreement. In the event of reduction of funding for the Agreement, County and Contractor shall meet within ten (10) days of written notice to renegotiate this Agreement based upon the modified level of funding. In this case if no agreement is reached between County and Contractor within 10 days of the first meeting, either party shall have the right to terminate this Agreement within ten (10) days written notice of termination.

In the event of termination of this Agreement in accordance with the terms of this Section, Contractor shall be entitled to retain all sums paid as of the effective date of such termination, subject to any payment offset to which County may be entitled, for damages or otherwise, under the terms of this Agreement. In the event of termination of this Agreement pursuant to this Section, in no event shall Contractor be entitled to any loss of profits on the portion of this Agreement so terminated, or to other compensation, benefits, reimbursements or ancillary services other than as herein expressly provided.

4.7 Disallowance. In the event the Contractor receives payment for services under this Agreement which is later disallowed by the County, Contractor shall promptly refund the disallowed amount to County on request, or at its option, County may offset the amount disallowed from any payment due or to become due to Contractor under any Agreement with the County.

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- 4.8 Maximum Price. During the performance period of this Agreement, the maximum price for the items and/or services shall not exceed the lowest price at which Contractor then offers the items and/or services to its most favored customer.

ARTICLE 5
AGREEMENT ADMINISTRATION

- 5.1 County's Agreement Administrator. The Director of Purchasing and Contracting is designated as the Contracting officer ("Contracting Officer") and is the only County official authorized to make any Changes to this Agreement. The County has designated the individual identified on the signature page as the Contracting Officer's Technical Representative ("COTR")
- 5.1.1 County's COTR will chair Contractor progress meetings and will coordinate County's Agreement administrative functions. The COTR is designated to receive and approve Contractor invoices for payment, audit and inspect records, inspect Contractor services, and provide other technical guidance as required. The COTR is not authorized to change any terms and conditions of this Agreement. Only the Contracting Officer, by issuing a properly executed amendment to this Agreement, may make changes to the scope of work or total price.
- 5.1.2 Notwithstanding any provision of this Agreement to the contrary, County's COTR may make Administrative Adjustments ("AA") to the Agreement, such as line item budget changes or adjustments to the service requirements, which do not change the purpose or intent of the Statement of Work, the Terms and Conditions, the Agreement period or the total Agreement price. Each AA shall be in writing and signed by COTR and Contractor. All inquiries about such AA will be referred directly to the COTR.
- 5.2 Agreement Progress Meeting. The COTR and other County personnel, as appropriate, will meet periodically with the Contractor to review the Agreement performance. At these meetings the COTR will apprise the Contractor of how the County views the Contractor's performance and the Contractor will apprise the County of problems, if any, being experienced. The Contractor shall also notify the Contracting Officer (in writing) of any work being performed, if any, that the Contractor considers being over and above the requirements of the Agreement. Appropriate action shall be taken to resolve outstanding issues. The minutes of these meetings will be reduced to writing and signed by the COTR and the Contractor. Should the Contractor not concur with the minutes, the Contractor shall set out in writing any area of disagreement. Appropriate action will be taken to resolve any areas of disagreement.

ARTICLE 6
CHANGES

- 6.1 Contracting Officer. The Contracting Officer may at any time, by a written order, make changes ("Changes"), within the general scope of this Agreement, in the definition of services to be performed, and the time (i.e.) hours of the day, days of the week, etc.) and place of performance thereof. If any such Change causes an increase or decrease in the cost of, or the time required for, the performance of any part of the work under this Agreement, whether changed or not changed by an such order, an equitable adjustment shall be made in the Agreement price or delivery schedule, or both, and the Agreement shall be modified in writing accordingly.
- 6.2 Claims. Contractor must assert any claim for adjustment under this clause within 30 days from the date of receipt by the Contractor of the notification of Change; provided, however, that the Contracting Officer, if he decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this Agreement. Where the cost of property made obsolete or excess as a result of a change is included in the Contractor's claim for adjustment, the Contracting Officer shall have the right to prescribe the manner of disposition of such property. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this Agreement entitled "Disputes" (Article 15). However, nothing in this clause shall excuse the Contractor from proceeding with this Agreement as changed.

ARTICLE 7
TERMINATION

- 7.1 Termination For Default. Upon Contractor's breach of this Agreement, County shall have the right to terminate this Agreement, in whole or part. Prior to termination for default, County will send Contractor written notice specifying the cause. The notice will give Contractor 10 days from the date the notice is issued to cure the default or make progress satisfactory to County in curing the default, unless a different time is given in the notice. If County determines that the default contributes to the curtailment of an essential service or poses an immediate threat to life, health or property, County may terminate this Agreement immediately upon issuing oral or written notice to the Contractor without any prior notice or opportunity to cure. In the event of termination under this Article, all finished or unfinished documents, and other materials, prepared by Contractor under this Agreement shall become the sole and exclusive property of County.

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In the event of such termination, the County may purchase or obtain the supplies or services elsewhere, and Contractor shall be liable for the difference between the prices set forth in the terminated order and the actual cost thereof to the County. The prevailing market price shall be considered the fair repurchase price. Notwithstanding the above, Contractor shall not be relieved of liability to County for damages sustained by County by virtue of any breach of this Agreement by Contractor, and County may withhold any reimbursement to Contractor for the purpose of off-setting until such time as the exact amount of damages due County from Contractor is determined.

If, after notice of termination of this Agreement under the provisions of this clause, it is determined for any reason that the Contractor was not in default under the provisions of this clause, the rights and obligations of the parties shall, if this Agreement contains a clause providing for termination for convenience of the County, be the same as if the notice of termination had been issued pursuant to such clause.

- 7.2 Full Cost Recovery Of Investigation And Audit Costs. Contractor shall reimburse County of San Diego for all direct and indirect expenditures incurred in conducting an audit/investigation when Contractor is found in violation (material breach) of the terms of the Agreement. Reimbursement for such costs shall be withheld from any amounts due to Contractor pursuant to the payment terms of the Agreement, or from any other amounts due to Contractor from County.
- 7.3 Termination For Convenience. The County may, by written notice stating the extent and effective date terminate this Agreement for convenience in whole or in part, at any time. The County shall pay the Contractor as full compensation for work performed in accordance with the terms of this Contract until such termination:
- 7.3.1 The unit or pro rata price for any delivered and accepted portion of the work.
- 7.3.2 A reasonable amount, as costs of termination, not otherwise recoverable from other sources by the Contractor as approved by the County, with respect to the undelivered or unaccepted portion of the order, provided compensation hereunder shall in no event exceed the total price.
- 7.3.3 In no event shall the County be liable for any loss of profits on the resulting order or portion thereof so terminated.
- 7.3.4 County's termination of this Agreement for convenience shall not preclude County from taking any action in law or equity against Contractor for:
- 7.3.4.1 Improperly submitted claims, or
- 7.3.4.2 Any failure to perform the work in accordance with the Statement of Work, or
- 7.3.4.3 Any breach of any term or condition of the Agreement, or
- 7.3.4.4 Any actions under any warranty, express or implied, or
- 7.3.4.5 Any claim of professional negligence, or
- 7.3.4.6 Any other matter arising from or related to this Agreement, whether known, knowable or unknown before, during or after the date of termination.
- 7.4 Remedies Not Exclusive. The rights and remedies of County provided in this article shall not be exclusive and are in addition to any other rights and remedies provided by law or under resulting order.

ARTICLE 8
COMPLIANCE WITH LAWS AND REGULATIONS

- 8.1 Compliance with Laws and Regulations. Contractor shall at all times perform its obligations hereunder in compliance with all applicable federal, State, and County laws and regulations.
- 8.2 Contractor Permits and License. Contractor certifies that it possesses and shall continue to maintain or shall cause to be obtained and maintained, at no cost to the County, all approvals, permissions, permits, licenses, and other forms of documentation required for it and its employees to comply with all existing foreign or domestic statutes, ordinances, and regulations, or other laws, that may be applicable to performance of services hereunder. The County reserves the right to reasonably request and review all such applications, permits, and licenses prior to the commencement of any services hereunder.
- 8.3 Equal Opportunity. Contractor shall comply with the provisions of [Title VII of the Civil Rights Act of 1964](#) in that it will not discriminate against any individual with respect to his or her compensation, terms, conditions, or privileges of employment nor shall Contractor discriminate in any way that would deprive or intend to deprive any individual of employment opportunities or otherwise adversely affect his or her status as an employee because of such individual's race, color, religion, sex, national origin, age, handicap, medical condition, sexual orientation or marital status.

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- 8.4 Affirmative Action. Each Contractor of services and supplies employing fifteen (15) or more full-time permanent employees, shall comply with the Affirmative Action Program for Vendors as set forth in [Article IIIk \(commencing at Section 84\)](#) of the San Diego County Administrative Code, which program is incorporated herein by reference. A copy of this Affirmative Action Program will be furnished upon request by COTR or from the County of San Diego Internet web-site (www.co.san-diego.ca.us).
- 8.5 Drug and Alcohol-Free Workplace. The County of San Diego, in recognition of individual rights to work in a safe, healthful and productive work place, has adopted a requirement for a drug and alcohol free work place, County of San Diego Drug and Alcohol Use [Policy C-25](#). This policy provides that all County-employed Contractors and Contractor employees shall assist in meeting this requirement.
- 8.5.1 As a material condition of this Agreement, the Contractor agrees that the Contractor and the Contractor employees, while performing service for the County, on County property, or while using County equipment:
- 8.5.1.1 Shall not be in any way impaired because of being under the influence of alcohol or a drug.
- 8.5.1.2 Shall not possess an open container of alcohol or consume alcohol or possess or be under the influence of an illegal drug.
- 8.5.1.3 Shall not sell, offer, or provide alcohol or a drug to another person; provided, however, that the foregoing restriction shall not be applicable to a Contractor or Contractor employee who as part of the performance of normal job duties and responsibilities prescribes or administers medically prescribed drugs.
- 8.5.2 Contractor shall inform all employees who are performing service for the County on County property or using County equipment of the County objective of a safe, healthful and productive work place and the prohibition of drug or alcohol use or impairment from same while performing such service for the County.
- 8.5.3 The County may terminate for default or breach this Agreement, and any other Agreement the Contractor has with the County, if the Contractor, or Contractor employees are determined by the Contracting Officer not to be in compliance with the conditions listed herein.
- 8.6 Board of Supervisors' Policies. Contractor represents that it is familiar, and shall use its best efforts to comply, with the following policies of the Board of Supervisors: *[Note: Add Other Policies That May Apply for Certain Types of Services]* | Board Policy B-67, which encourages the County's Contractors to offer products made with recycled materials, reusable products, and products designed to be recycled to the County in response to the County's requirements; and Board Policies B-53 and B-39a, which encourage the participation of small and disabled veterans' business enterprises in County procurements.
- 8.7 Cartwright Act. Following receipt of final payment under the Agreement, Contractor assigns to the County all rights, title and interest in and to all causes of action it may have under [Section 4 of the Clayton Act \(15 U.S.C. Sec. 15\)](#) or under the [Cartwright act \(Chapter 1\) \(commencing with Section 16700\) of Part 2 of Division 7 of the Business and Professions Code](#), arising from purchases of goods, materials, or services by the Contractor for sale to the County under this Agreement.
- 8.8 Hazardous Materials. Contractor shall comply with all Environmental Laws and all other laws, rules, regulations, and requirements regarding Hazardous Materials, health and safety, notices, and training. Contractor agrees that it will not store any Hazardous Materials at any County Facility for periods in excess of ninety (90) days or in violation of the applicable site storage limitations imposed by Environmental Law. Contractor agrees to take, at its expense, all actions necessary to protect third parties, including, without limitation, employees and agents of the County, from any exposure to Hazardous Materials generated or utilized in its performance under this Agreement. Contractor agrees to report to the appropriate governmental agencies all discharges, releases, and spills of Hazardous Materials that are required to be reported by any Environmental Law and to immediately notify the County of it. Contractor shall not be liable to the County for the County's failure to comply with, or violation of, any Environmental Law. As used in this section, the term "Environmental Laws" means any and all federal, state or local laws or ordinances, rules, decrees, orders, regulations or court decisions (including the so-called "common law"), including, but not limited to, the Resource Conservation and Recovery Act, relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions or other similar substances or conditions. As used in this section the term "Hazardous Materials" means any chemical, compound, material, substance or other matter that: (a) is a flammable, explosive, asbestos, radioactive nuclear medicine, vaccine, bacteria, virus, hazardous waste, toxic, overtly injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials; (b) is controlled, referred to, designated in or governed by any Environmental Laws; (c) gives rise to any reporting, notice or publication requirements under any Environmental Laws, or (d) is any other material or substance giving rise to any liability, responsibility or duty upon the County or Lessee with respect to any third person under any Environmental Laws.

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8.9 Debarment and Suspension. As a sub-grantee of federal funds under this Agreement, Contractor certifies that it, its principals, its employees and its subcontractors:

- 8.9.1 Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal Department or agency;
- 8.9.2 Have not within a 3-year period preceding this Agreement been convicted of or had a civil judgment rendered against them for the commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction; violation of Federal or State anti-trust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- 8.9.3 Are not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with commission of any of the offenses enumerated in the paragraph above; and
- 8.9.4 Have not within a 3-year period preceding this Agreement had one or more public transaction (Federal, State, or local) terminated for cause or default.

ARTICLE 9

CONFLICTS OF INTEREST; CONTRACTOR'S CONDUCT

9.1 Conflicts of Interest. Contractor presently has no interest, including but not limited to other projects or independent Agreements, and shall not acquire any such interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. The Contractor shall not employ any person having any such interest in the performance of this Agreement.

9.1.1 California Political Reform Act and Government Code Section 1090 Et Seq. Contractor acknowledges that the California Political Reform Act ("Act"), Government Code section 81000 et seq., provides that Contractors hired by a public agency, such as County, may be deemed to be a "public official" subject to the Act if the Contractor advises the agency on decisions or actions to be taken by the agency. The Act requires such public officials to disqualify themselves from participating in any way in such decisions if they have any one of several specified "conflicts of interest" relating to the decision. To the extent the Act applies to Contractor, Contractor shall abide by the Act. In addition, Contractor acknowledges and shall abide by the conflict of interest restrictions imposed on public officials by Government Code section 1090 et seq.

9.2 Conduct of Contractor; Privileged Information.

- 9.2.1 Contractor shall inform the County of all the Contractor's interests, if any, which are or which the Contractor believes to be incompatible with any interests of the County.
- 9.2.2 The Contractor shall not, under circumstances that might reasonably be interpreted as an attempt to influence the recipient in the conduct of his duties, accept any gratuity or special favor from individuals or organizations with whom the Contractor is doing business or proposing to do business, in accomplishing the work under this Agreement.
- 9.2.3 Contractor shall not use for personal gain or make other improper use of privileged information, which is acquired in connection with his employment. In this connection, the term "privileged information" includes, but is not limited to, unpublished information relating to technological and scientific development; medical, personnel, or security records of the individuals; anticipated materials requirements or pricing actions; and knowledge of selections of Contractors or subcontractors in advance of official announcement.
- 9.2.4 The Contractor, or employees thereof, shall not offer directly or indirectly gifts, gratuity, favors, entertainment, or other items of monetary value to an employee or official of the County.

9.3 Prohibited Agreements. As required by [Section 67 of the San Diego County Administrative Code](#), Contractor certifies that it is not in violation of the provisions of Section 67, and that Contractor is not, and will not subcontract with, any of the following:

- 9.3.1. Persons employed by County or of public agencies for which the Board of Supervisors is the governing body;
- 9.3.2. Profit-making firms or businesses in which employees described in sub-section 9.3.1, above, serve as officers, principals, partners, or major shareholders;
- 9.3.3. Persons who, within the immediately preceding twelve (12) months came within the provisions of the above sub-sections and who (1) were employed in positions of substantial responsibility in the area of service to be performed by the Agreement, or (2) participated in any way in developing the Agreement or its service specifications; and

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- 9.3.4. Profit-making firms or businesses, in which the former employees described in sub-section 9.3.3 above, serve as officers, principals, partners, or major shareholders.

ARTICLE 10
INDEMNITY AND INSURANCE

- 10.1 Indemnity. County shall not be liable for, and Contractor shall defend and indemnify County and the employees and agents of County (collectively "County Parties"), against any and all claims, demands, liability, judgments, awards, fines, mechanics' liens or other liens, labor disputes, losses, damages, expenses, charges or costs of any kind or character, including attorneys' fees and court costs (hereinafter collectively referred to as "Claims"), related to this Agreement and arising either directly or indirectly from any act, error, omission or negligence of Contractor or its Contractors, licensees, agents, servants or employees, including, without limitation, Claims caused by the concurrent negligent act, error or omission, whether active or passive, of County Parties. Contractor shall have no obligation, however, to defend or indemnify County Parties from a Claim if it is determined by a court of competent jurisdiction that such Claim was caused by the sole negligence or willful misconduct of County Parties.
- 10.2 Insurance. Prior to execution of this Agreement, Contractor must obtain at its own cost and expense, and keep in force and effect during the term of this Agreement, including all extensions, the insurance specified in Exhibit "B," "Insurance Requirements," attached hereto.

ARTICLE 11
AUDIT AND INSPECTION OF RECORDS

The County shall have the audit and inspection rights described in this section.

- 11.1 Audit And Inspection. Contractor agrees to maintain and/or make available within San Diego County accurate books and accounting records relative to all its activities under this Agreement. Authorized Federal, State or County representatives shall have the right to monitor, assess, or evaluate Contractor's performance pursuant to this Agreement, said monitoring, assessments, or evaluations to include but not limited to audits, inspection of premises, reports, and interviews of project staff and participants.

At any time during normal business hours and as often as County may deem necessary, Contractor shall make available to County, State or Federal officials for examination all of its records with respect to all matters covered by this Agreement and will permit County, State or Federal officials to audit, examine and make excerpts or transcripts from such records, and to make audits of all invoices, materials, payrolls, records of personnel, information regarding clients receiving services, and other data relating to all matters covered by this Agreement. If an audit is conducted, it will be done in accordance with generally accepted government auditing standards as described in "Government Auditing Standards," published for the United States General Accountability Office or the institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing.

If any services performed hereunder are not in conformity with the specifications and requirements of this Agreement, County shall have the right to require the Contractor to perform the services in conformity with said specifications and requirements at no additional increase in total Agreement amount. When the services to be performed are of such nature that the difference cannot be corrected, County shall have the right to (1) require Contractor immediately to take all necessary steps to ensure future performance of the services in conformity with requirements of the Agreement, and (2) reduce the Agreement price to reflect the reduced value of the services performed. In the event Contractor fails to perform the services promptly or to take necessary steps to ensure future performance of the service in conformity with the specifications and requirements of the Agreement, County shall have the right to either (1) by Agreement or to otherwise have the services performed in conformity with the Agreement specifications and charge to Contractor any cost occasioned to County that is directly related to the performance of such services, or (2) terminate this Agreement for default as provided in the Termination clause.

- 11.2 Cost or Pricing Data. If the Contractor submitted cost or pricing data in connection with the pricing of this Agreement or any change or modification thereto, unless such pricing was based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities of the general public, or prices set by law or regulation, the Contracting Officer or his representatives who are employees of the County or its agent shall have the right to examine all books, records, documents and other data of the Contractor related to the negotiation pricing or performance of such Agreement, change or modification, for the purpose of evaluating the accuracy, completeness and currency of the cost or pricing data submitted.
- 11.3 Availability. The materials described above shall be made available at the office of the Contractor, at all reasonable times, for inspection, audit or reproduction, until the expiration of three (3) years from the date of final payment under this Agreement, or by section 11.3.1 and 11.3.2, below:

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- 11.3.1 If this Agreement is completely or partially terminated, the records relating to the work terminated shall be made available for a period of three (3) years from the date of any resulting final settlement.
- 11.3.2 Record which relate to appeals under the "Disputes" clause of this Agreement, or litigation or the settlement of claims arising out of the performance of this Agreement, shall be made available until such appeals, litigation, or claims have been disposed of, or three years after Agreement completion, whichever is longer. County shall keep the materials described above confidential unless otherwise required by law.
- 11.4 Subcontract. The Contractor shall insert a clause containing all the provisions of this Article 11 in all subcontract hereunder except altered as necessary for proper identification of the Contracting parties and the Contracting officer under the County's prime Agreement.

ARTICLE 12
INSPECTION OF SERVICE

- 12.1 Subject to Inspection All performance (including services, materials, supplies and equipment furnished or utilized in the performance of this Agreement, and workmanship in the performance of services) shall be subject to inspection and test by the County at all times during the term of this Agreement. Contractor shall cooperate with any inspector assigned by the County to permit the inspector to determine whether Contractor's performance conforms to the requirements of this Agreement. County shall perform such inspection in a manner as not to unduly interfere with Contractor's performance.
- 12.2 Specification and Requirements. If any services performed by Contractor do not conform to the specifications and requirements of this Agreement, County may require Contractor to re-perform the services until they conform to said specifications and requirements, at no additional cost, and County may withhold payment for such services until Contractor correctly performs them. When the services to be performed are of such a nature that Contractor's cannot correct its performance, the County shall have the right to (1) require the Contractor to immediately take all necessary steps to ensure future performance of services conforms to the requirements of this Agreement, and (2) reduce the Agreement price to reflect the reduced value of the services received by County. In the event Contractor fails to promptly re-perform the services or to take necessary steps to ensure that future performance of the service conforms to the specifications and requirements of this Agreement, the County shall have the right to either (1) without terminating this Agreement, have the services performed, by Agreement or otherwise, in conformance with the specifications of this Agreement, and charge Contractor, and/or withhold from payments due to Contractor, any costs incurred by County that are directly related to the performance of such services, or (2) terminate this Agreement for default.

ARTICLE 13
USE OF DOCUMENTS AND REPORTS

- 13.1 Findings Confidential. Any reports, information, data, etc., given to or prepared or assembled by Contractor under this Agreement which the County requests to be kept as confidential shall not be made available to any individual or organization by the Contractor without the prior written approval of the County.
- 13.2 Publication, Reproduction or Use of Materials. No material produced, in whole or in part, under this Agreement shall be subject to copyright in the United States or in any other country. The County shall have unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, any reports, data or other materials prepared under this Agreement. All reports, data and other materials prepared under this Agreement shall be the property of the County upon completion of this Agreement.
- 13.3 Confidentiality. County and Contractor agree to maintain the confidentiality of and take industry appropriate and legally required measures to prevent the unlawful disclosure of any information that is legally required to be kept confidential. Except as otherwise allowed by local, State or federal law or regulation and pursuant to this Section 13.3, County and Contractor agree to only disclose confidential records where the holder of the privilege, whether the County, the Contractor or a third party, provides written permission authorizing the disclosure. Contractor understands that County must disclose certain records pursuant to the California Public Records Act ("the Act"). If Contractor demands that County not disclose requested records Contractor believes qualify for exception or exemption from disclosure pursuant to the Act, County will comply with Contractor's demand if Contractor identifies those records and the applicable exception(s) or exemption(s), in writing, within five (5) business days from receipt of County's notice to Contractor of the request for disclosure of records. If Contractor does not identify the records and reason(s) that it deems some or all of the records to be confidential, County may disclose those records at its sole discretion. Contractor agrees that its defense and indemnification obligations set forth in Section 10.1 of this Agreement extend to any Claim (as defined in Section 10.1) against the County Parties (as defined in Section 10.1) for records the County withholds from disclosure at Contractor's direction. This Section 13.3 shall not prevent

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the County or its agents or any other governmental entity from accessing the confidential records for the purpose of audits or program reviews if that access is legally permissible under the applicable local, State or federal laws or regulations. Similarly, County or its agent or designee may take possession of the record(s) where legally authorized to do so.

County may identify, for purposes of clarification, certain laws and regulations that are specifically applicable to Contractor's work under this Agreement. Those laws and regulations may be set forth in Exhibit A – Statement of Work. County, however, is under no obligation to identify all applicable laws and regulations and assumes no liability for identifying confidentiality laws and regulations, if any, applicable to the work under this Agreement.

- 13.4 Maintenance Of Records. Contractor shall maintain all records and make them available within San Diego County for a minimum of three (3) years from the ending date of this Agreement unless County agrees in writing to an earlier disposition or longer where legally required or while under dispute. Contractor shall provide any requested records to County within 48-hours of the request.

ARTICLE 14
RESERVED

ARTICLE 15
DISPUTES

Notwithstanding any provision of this Agreement to the contrary, the Contracting Officer shall decide any dispute concerning a question of fact arising out of this Agreement that is not otherwise disposed of by the parties within a reasonable period of time. The decision of the Contracting Officer shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, capricious, arbitrary or so grossly erroneous as necessarily to imply bad faith. Contractor shall proceed diligently with its performance hereunder pending resolution by the Contracting Officer of any such dispute. Nothing herein shall be construed as granting the Contracting Officer or any other administrative official, representative or board authority to decide questions of law.

ARTICLE 16
GENERAL PROVISIONS

- 16.1 Assignment and Subcontracting. Contractor shall not assign any interest in this Agreement, and shall not transfer any interest in the same (whether by assignment or novation), without the prior written consent of the County; County's consent shall not be unreasonably withheld. The Contractor shall make no Agreement with any party for furnishing any of the work or services herein contained without the prior written prior concurrence of the COTR, pursuant to Paragraph 1.4.
- 16.2 Contingency. This Agreement shall bind the County only following its approval by the Board of Supervisors or when signed by the Purchasing and Contracting Director.
- 16.3 Entire Agreement. This Agreement, together with all Sections attached hereto and other agreements expressly referred to herein, constitute the entire agreement between the parties with respect to the subject matter contained herein. All prior or contemporaneous agreements, understandings, representations, warranties and statements, oral or written, including any proposals from Contractor and requests for proposals from County, are superseded.
- 16.4 Sections and Exhibits: All sections and exhibits referred to herein are attached hereto and incorporated by reference.
- 16.5 Further Assurances: Parties agree to perform such further acts and to execute and deliver such additional documents and instruments as may be reasonably required in order to carry out the provisions of this Agreement and the intentions of the parties.
- 16.6 Governing Law: This Agreement shall be governed, interpreted, construed and enforced in accordance with the laws of the State of California.
- 16.7 Headings: The Article captions, Clause and Section headings used in this Agreement are inserted for convenience of reference only and are not intended to define, limit or affect the construction or interpretation of any term or provision hereof.
- 16.8 Modification: Waiver Except as otherwise provided in Article 6, "Changes," above, no modification, waiver, amendment or discharge of this Agreement shall be valid unless the same is in writing and signed by both parties.
- 16.9 Neither Party Considered Drafter. Despite the possibility that one party may have prepared the initial draft of this Agreement or played the greater role in the physical preparation of subsequent drafts, neither party shall be deemed the drafter of this Agreement and that, in construing this Agreement in case of any claim that any provision hereof may be ambiguous, no such provision shall be construed in favor of one party on the ground that such provision was drafted by the other.
- 16.10 No Other Inducement: The making, execution and delivery of this Agreement by the parties hereto has been induced by no representations, statements, warranties or agreements other than those expressed herein.

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- 16.11 Notices. Notice to either party shall be in writing and either personally delivered or sent by certified mail, postage prepaid, return receipt requested, addressed to the party to be notified at the address specified herein. Any such notice shall be deemed received on the date of personal delivery to the party (or such party's authorized representative) or three (3) business days after deposit in the U.S. Mail, as the case may be to the COTR and Contractor's Representative identified on the signature page.
- 16.12 Severability. If any term, provision, covenant or condition of this Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 16.13 Successors. Subject to the limitations on assignment set forth in Clause 16.1above, all terms of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective heirs, legal representatives, successors, and assigns.
- 16.14 Time. Time is of the essence of each provision of this Agreement.
- 16.15 Time Period Computation. All periods of time referred to in this Agreement shall include all Saturdays, Sundays and state or national holidays, unless the period of time specifies business days, provided that if the date or last date to perform any act or give any notice or approval shall fall on a Saturday, Sunday or State or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or State or national holiday.
- 16.16 Waiver. The waiver by one party of the performance of any term, provision, covenant or condition shall not invalidate this Agreement, nor shall it be considered as a waiver by such party of any other term, provision, covenant or condition. Delay by any party in pursuing any remedy or in insisting upon full performance for any breach or failure of any term, provision, covenant or condition shall not prevent such party from later pursuing remedies or insisting upon full performance for the same or any similar breach or failure.

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SIGNATURE PAGE

AGREEMENT TERM. This Agreement shall be effective this ____ day of ____ 20__ (“Effective Date”) and end on ____ 20__ (“Initial Term”) period of ____ years.

OPTION TO EXTEND. [Optional] The County’s option to extend is for ____ increments of ____ year(s) each for a total of ____ years beyond the expiration of the Initial Term, not to exceed ____, 20__, pursuant to Exhibit C Payment Schedule **or adjustment factor identified.** Unless County notifies Contractor in writing, not less than 30 days prior to the expiration date that they do not intend to renew the Agreement, the Agreement will be automatically renewed for another year.

Options To Extend For One To Six Additional Months At End Of Agreement. County shall also have the option to extend the term of this Agreement in one or more increments for a total of no less than one (1) and no more than six (6) calendar months at the discretion of the County Purchasing and Contracting Director. Each extension shall be effected by written Agreement amendment delivered to Contractor no less than fifteen (15) calendar days prior to expiration of any Agreement term.

The rates set forth in Article 4, Exhibit C, or other pricing section of this Agreement shall apply to any option exercised pursuant to this option clause unless provision for appropriate price adjustment has been made elsewhere in this Agreement or by Agreement amendment. All payments are subject to “Availability of Funds.”

COMPENSATION: Pursuant to Exhibit C, County agrees to pay Contractor a sum not to exceed [XXXXX (\$XXXX)] for the initial term of this Agreement and [XXXXX (\$XXXXX)] for each of the XXX one year option periods, for a maximum Agreement amount of [_____] (\$XXXX), in accordance with the method of payment stipulated in Article 4.

COTR. The County has designated the following individual as the Contracting Officer’s Technical Representative (“COTR”)

Name and Title
Address
Address
Phone, FAX and email

CONTRACTOR’S REPRESENTATIVE. The Contractor has designated the following individual as the Contractor’s Representative.

Name and Title
Address
Address
Phone, FAX and email

IN WITNESS WHEREOF, County and Contractor have executed this Agreement effective as of the date first set forth above

COUNTY OF SAN DIEGO

[CONTRACTOR NAME]

By: _____
WINSTON F. McCOLL, Director
Department of Purchasing and Contracting

By: _____
Name and Title

Date: _____

Date: _____

APPROVED AS TO FORM AND LEGALITY

By: _____ Date: _____
Senior Deputy County Counsel

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1. Scope Of Work

The contractor shall perform two independent auditing services including: 1) an audit of the San Diego County Investment Pool (the “Pool” or “SDCIP”) and its financial statements; and 2) an annual Investment Policy compliance audit.

2. Background

The County of San Diego Treasurer-Tax Collector (TTC) is an elected official responsible for property tax collection, banking, investment, disbursement and accountability of public funds. Detailed information pertaining to the County of San Diego Treasurer-Tax Collector is available at: <http://www.sdtreastax.com>.

3. Contractor Personnel

- 3.1.** The contractor shall be properly licensed to practice in California.
- 3.2.** The contractor shall provide the name and contact information for a staff person that will serve as the primary contact person between the County and the contractor. Contact information for an alternate staff member will also be provided in the event the primary contact person is unavailable.
- 3.3.** The contractor shall respond to communication received from the County within 24-hours, during business hours.

4. Compliance with Auditing Standards

- 4.1.** The contractor shall perform all services in accordance with all the following:
 - 4.1.1.** Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.
 - 4.1.2.** The standards application to financial audits contained in *Government Auditing Standards* (1994 Revision), issued by the Comptroller of the United States.

5. Description of Work

- 5.1.** The contractor shall conduct an annual audit of the San Diego County Investment Pool (the “Pool” or “SDCIP”) and its financial statements for the fiscal year ended June 30, 2013 and each of the subsequent years, June 30, 2014, 2015, 2016 and 2017.
 - 5.1.1.** The contractor shall perform an audit to express an opinion on the fairness of the Pool’s annual financial statements.
 - 5.1.2.** The contractor shall only apply limited audit procedures to Management’s Discussion and Analysis (MD&A).
 - 5.1.3.** The contractor shall not be required to subject the introductory section and statistical section to audit procedures, and is not required to express an opinion on these items.
 - 5.1.4.** The contractor shall provide TTC management with materiality (percentage and dollar) thresholds for the Investment Pool financial statements by June 30th of each fiscal year, to ensure the successful completion of audit fieldwork.

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- 5.2 The contractor shall perform a quarterly review of the Treasurer’s Statement of Assets, in accordance with California Government code Section 26920, for the first three quarters of the fiscal years ending June 30, 2013, 2014, 2015, 2016 and 2017.
 - 5.2.1 The contractor shall issue a separate “management letter” that includes recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions.
 - 5.2.2 The contractor shall address the Management letters to the County of San Diego Audit Committee and the Treasury Oversight Committee.
- 5.3 The contractor shall conduct an annual compliance audit of the Investment Policy in accordance with California Government Code Section 27134, for the fiscal year ended June 30, 2013 and each of the subsequent years, June 30, 2014, 2015, 2016 and 2017.
 - 5.3.1 The compliance audit shall include the Investment Policy approved by the Board of Supervisors and all applicable laws and regulations in the California Government Code.
 - 5.3.2 The contractor shall provide an opinion letter directly to the Treasury Oversight Committee that includes relevant comments and recommendations from its compliance audit.
- 5.4 To ensure the San Diego County Investment Pool Comprehensive Annual Financial Report (CAFR) receives the *GFOA’s Certificate of Achievement for Excellence in Financial Reporting* as it has annually since the fiscal year ending June 30, 1999, the contractor shall assist the Treasurer-Tax Collector in implementing the GFOA comments and suggestions that were provided in the previous fiscal year’s Summary of Grading Results of the Achievement Program, and review the Treasurer-Tax Collector’s required responses.
 - 5.4.1 The Treasurer-Tax Collector shall be responsible for the GFOA application and responses to prior GFOA recommendations.

6 Deliverables

- 6.1 Irregularities and Illegal Acts Report
 - 6.1.1 Auditors shall be required to provide an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties: Treasurer-Tax Collector and Auditor-Controller.
- 6.2 Investment Pool Financial Statements & Comprehensive Annual Financial Report Statement (CAFR)
 - 6.2.1 After completing the audits, the contractor shall issue an independent auditor’s report as described above for the fiscal year ended June 30, 2013 and each of the subsequent years, June 30, 2014, 2015, 2016 and 2017.
 - 6.2.2 The annual financial statement and CAFR audit shall be completed during the four months following the fiscal year end and the auditor’s opinion letter rendered by *November 15*.
 - 6.2.3 County staff, not the contractor, is responsible for preparing, editing, printing and issuing the (CAFR).
 - 6.2.4 Each annual audit shall include a management letter even if there are no reportable conditions.
 - 6.2.5 The management letter shall communicate reportable conditions, defined as significant deficiencies in the design or operation of the internal control structure, which could adversely affect the organization’s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement.

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- 6.2.6 The management letter shall include written recommendations to address any findings, observations, opinions or comments relating to internal controls, financial systems, compliance or other matters that come to the attention of the auditors during the examination.
- 6.2.7 The management letter shall be provided in draft form, prior to publication of the CAFR, and discussed with the Treasurer-Tax Collector management, within one week after the issuance of the audit opinion.
- 6.2.8 The auditor shall made an immediate written report of all irregularities and illegal acts or indications of illegal acts of which the firm becomes aware to the Chief Administrative Officer, Chief Finance Officer, Auditor Controller, Treasurer-Tax Collector, Treasury Oversight Committee and the Audit Committee.
- 6.2.9 The auditor shall provide the Treasurer-Tax Collector twenty-five (25) bound copies of the CAFR management letter and one (1) electronic copy.

6.3 Investment Pool Quarterly Reviews

- 6.3.1 After completing each quarterly review, contractor shall issue a separate “management letter” as outlined under section 5.2.
- 6.3.2 There will be a “management letter” issued for each quarterly review, even if there are not reportable conditions.
- 6.3.3 The “management letter” will be presented in draft form to Treasury management at least one week prior to issuance of the final draft.
- 6.3.4 Each of the quarterly reviews will commence no later than 60 days after each quarter end.
- 6.3.5 The auditor shall provide the Treasurer-Tax Collector with twenty-five (25) bound copies of each “management letter) and one (1) electronic copy.

6.4 Investment Pool Compliance Audit

- 6.4.1 After completing the audits, the contractor shall issue an independent auditor’s report as described above for the fiscal year ended June 30, 2013 and each of the subsequent years, June 30, 2014, 2015, 2016 and 2017.
- 6.4.2 The annual Investment Pool compliance audit must be completed during the four months following the fiscal year end and the auditor’s opinion letter rendered by *November 15*.
- 6.4.3 Each annual audit will include a letter to management (Management Letter) even when there are no reportable conditions.
- 6.4.4 The management letter shall communicate reportable conditions.
- 6.4.5 The management letter shall include written recommendations to address any findings, observations, opinions, or comments relating to internal controls, financial systems, compliance or other matters that come to the attention of the auditors during the examination.
- 6.4.6 The management letter shall be provided in draft form prior to publication of the CAFR and discussed with the Treasurer-Tax Collector management, within one week after the issuance of the audit opinion.
- 6.4.7 The auditor shall made an immediate written report of all irregularities and illegal acts or indications of illegal acts of which the firm becomes aware to the Chief Administrative Officer, Chief Finance Officer, Auditor Controller, Treasurer-Tax Collector, Treasury Oversight Committee, and the Audit Committee.

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- 6.4.8 The contractor shall provide the Treasurer-Tax Collector twenty-five (25) bound copies of the Investment Pool compliance management letter and one (1) electronic copy.

7 Documents and Records

7.1 Retention Schedule

- 7.1.1 All working documents and reports must be retained with the contractor at the contractor's expense for a minimum of seven (7) years.
- 7.1.2 The County of San Diego Treasurer-Tax Collector can notify the contractor in writing by if there is a need to extend the period.

7.2 Document Accessibility

- 7.2.1 Working documents from the previous audits are available for review by the contractor but shall remain the property of the previous auditor. Christy White Accounting Corporation located in San Diego, CA, conducted the most recent annual financial statement audit for fiscal year ended June 30, 2011.
- 7.2.2 The contractor shall make working documents available to the County of San Diego independent auditors as requested during the annual government financial statement audit.
- 7.2.3 In future audits, the contractor shall respond to reasonable inquiries from future contractors and allow the successor to review working documents related to matters of continuing accounting significance.

8 Audit Engagement

- 8.1 The planning phase of the audit engagement shall commence upon notification to the auditor of acceptance of their proposal.
- 8.2 The contractor shall provide the Treasurer Tax-Collector with an engagement letter prior to the commencement of each audit.
- 8.3 An entrance conference shall be held with the Treasurer-Tax Collector (TTC) management to discuss the auditor's planned approach to the audit prior to commencing fieldwork.
- 8.4 TTC management shall have input as to the timing of audit services and the coordination work with TTC and County staff.
- 8.5 Prior to the commencement of the first year's interim fieldwork, shall review the 2012 CAFR and provide TTC management with a written report containing observations and recommendation for future improvements.
- 8.6 Prior to the beginning of fieldwork for quarterly reviews or annual audits, the auditor shall provide TTC management with a "Prepared by Client Schedule (PBC)" that lists items to be prepared by the TTC personnel, prior to the beginning and during fieldwork.

9 Use of County Facilities & Equipment

- 9.1 All contractor staff members engaged in an audit must successfully complete County security and background checks at the County's cost, prior to working in a County facility.
- 9.2 The contractor shall request the necessary forms to be completed to obtain security clearance and County IDs for each audit staff assigned to the engagement from the TTC Administrative Services Division, at least eight weeks prior to fieldwork.

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EXHIBIT A – STATEMENT OF WORK

- 9.3 The County will provide the contractor with workspace, desks and chairs along with access to a photocopying machine and a fax machine.

10 Coordination with County Staff

10.1 Treasurer-Tax Collector Staff

- 10.1.1 Treasurer-Tax Collector staff and management personnel shall be available during the audits to provide information, documentation and explanations.
- 10.1.2 Treasurer-Tax Collector staff shall prepare statements and schedules for the contractor in advance.
- 10.1.3 The preparation of confirmations will be the responsibility of the contractor.
- 10.1.4 The Treasurer-Tax Collector is responsible for preparing, editing, printing and issuing the Comprehensive Annual Financial Report (CAFR).

10.2 Auditor & Controller Staff

- 10.2.1 The County of San Diego conducts a separate solicitation for audit services in conjunction with the County of San Diego government-wide financial statements and CAFR preparation. The selected vendor for the Investment Pool financial statement audit will coordinate and collaborate with the County's audit firm to facilitate the audit of the government-wide financial statements, as it relates to the Treasury.

11 Status Meetings

- 11.1 During the audit engagement, the contractor shall meet on a weekly basis with TTC management to discuss financial statement and compliance audit activities.
- 11.2 The contractor shall prepare weekly meeting agendas that, at a minimum, address the following:
 - 11.2.1 A status update of the auditor's fieldwork
 - 11.2.2 The timing of audit testing
 - 11.2.3 TTC's progress in completing the PBC items
 - 11.2.4 Best methods of implementing new Governmental Accounting Standards Board (GASB) Statements
 - 11.2.5 A mutually agreed upon implementation plan for the TTC's completion and the auditor's review of the current fiscal year's GFOA's general purpose preparer checklist. (This must be completed prior to issuance of the CAFR.)
 - 11.2.6 Potential findings and recommendations
 - 11.2.7 The draft management letter
- 11.3 During fieldwork, daily meetings between County staff and the contractor shall be held as needed to ensure a consistent communication is occurring.

12 Exit Conferences

- 12.1 Subsequent to the issuance of the CAFR, the contractor shall hold separate exit conferences with TTC management and the Treasury Oversight Committee to discuss the report, the management letter, management recommendations and any other required communications.

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AUDIT SERVICES
EXHIBIT A – STATEMENT OF WORK

13 Definitions

13.1 Investment Pool

- 13.1.1 The Pool is managed by the Treasurer's office under the direction of the Chief Deputy Treasurer on behalf of the Pool's participants, and with oversight from the Treasury Oversight Committee. The Investment Pool's participants include mandatory participants, such as the County and school districts, and voluntary participants, such as cities and other special districts within the county's borders.
- 13.1.2 The Investment Pool's objectives are to safeguard principal, meet the liquidity needs of the participants, and return an acceptable yield within the parameters of product risk management. Detailed monthly investment reports are published for the benefit of the Pool participants and the Treasury Oversight Committee.
- 13.1.3 The Investment Pool's financial statements are prepared in accordance with generally accepted accounting principles, using the economic resources management focus and the accrual basis of accounting. Earnings on investments are recognized as revenue in the period in which they are earned, and administrative costs are recognized as expenses when incurred, regardless of the timing of related cash flows. Pool participants' cash balances and withdrawals are based on cost, while investments are reported at fair value.

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EXHIBIT B – INSURANCE AND BONDING REQUIREMENTS

ARTICLE 1

INSURANCE REQUIREMENTS FOR CONTRACTORS

Without limiting Contractor's indemnification obligations to County, Contractor shall provide at its sole expense and maintain for the duration of this contract, or as may be further required herein, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of the work by the Contractor, his agents, representatives, employees or subcontractors.

1. Minimum Scope of Insurance

Coverage shall be at least as broad as:

- A. Commercial General Liability, Occurrence form, Insurance Services Office form CG0001.
- B. Automobile Liability covering all owned, non owned, hired auto Insurance Services Office form CA0001.
- C. Workers' Compensation, as required by State of California and Employer's Liability Insurance.
- D. Professional Liability required if Contractor provides or engages any type of professional services, including but not limited to medical professionals, counseling services, or legal services.

2. Minimum Limits of Insurance

Contractor shall maintain limits no less than:

- A. Commercial General Liability including Premises, Operations, Products and Completed Operations, Contractual Liability, and Independent Contractors Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. The General Aggregate limit shall be \$2,000,000.
- B. Automobile Liability: \$1,000,000 each accident for bodily injury and property damage.
- C. Employer's Liability: \$1,000,000 each accident for bodily injury or disease. Coverage shall include waiver of subrogation endorsement in favor of County of San Diego.
- D. Professional Liability: \$1,000,000 per claim with an aggregate limit of not less than \$2,000,000. Any self-retained limit shall not be greater than \$25,000 per occurrence/event without County's Risk Manager's approval. Coverage shall include contractual liability coverage. If policy contains one or more aggregate limits, a minimum of 50% of any such aggregate limit must remain available at all times; if over 50% of any such aggregate limit has been paid or reserved, County will require additional coverage to be purchased by Contractor to restore the required limits. This coverage shall be maintained for a minimum of two years following termination of completion of Contractor's work pursuant to the Contract.

3. Deductibles and Self-Insured Retentions

Any deductible or self-insured retention must be declared to and approved by the County's Risk Manager. At the option of the County, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the County, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers; or the Contractor shall provide a financial guarantee satisfactory to the County guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

4. Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain the following provisions:

- A. Additional Insured Endorsement
Any general liability policy provided by Contractor shall contain an additional insured endorsement applying coverage to the County of San Diego, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively.
- B. Primary Insurance Endorsement
For any claims related to this Contract, the Contractor's insurance coverage shall be primary insurance as respects the County, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively. Any insurance or self-insurance maintained by the County, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.
- C. Notice of Cancellation
Each required insurance policy shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the County at the address shown in section of Contract entitled "Notices".

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AUDIT SERVICES
EXHIBIT B – INSURANCE AND BONDING REQUIREMENTS

D. Severability of Interest clause

Coverage applies separately to each insured, except with respect to the limits of liability, and that an act or omission by one of the named insured shall not reduce or avoid coverage to the other named insured.

GENERAL PROVISIONS

5. Qualifying Insurers

All required policies of insurance shall be issued by companies which have been approved to do business in the State of California by the State Department of Insurance, and which hold a current policy holder's alphabetic and financial size category rating of not less than A-, VII according to the current Best's Key Rating guide, or a company of equal financial stability that is approved in writing by County's Risk Manager.

6. Evidence of Insurance

Prior to commencement of this Contract, but in no event later than the effective date of the Contract, Contractor shall furnish the County with certificates of insurance and amendatory endorsements effecting coverage required by this clause. Contractor shall furnish certified copies of the actual required insurance policies within thirty days after commencement of Contract. Thereafter, copies of renewal policies, certificate and amendatory endorsements shall be furnished to County within thirty days of the expiration of the term of any required policy. Contractor shall permit County at all reasonable times to inspect any policies of insurance, which Contractor has not delivered to County.

7. Failure to Obtain or Maintain Insurance; County's Remedies

Contractor's failure to provide insurance specified or failure to furnish certificates of insurance, amendatory endorsements and certified copies of policies, or failure to make premium payments required by such insurance, shall constitute a material breach of the Contract, and County may, at its option, terminate the Contract for any such default by Contractor.

8. No Limitation of Obligations

The foregoing insurance requirements as to the types and limits of insurance coverage to be maintained by Contractor, and any approval of said insurance by the County are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Contractor pursuant to the Contract, including, but not limited to, the provisions concerning indemnification.

9. Review of Coverage

County retains the right at any time to review the coverage, form and amount of insurance required herein and may require Contractor to obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk which exists at the time a change in insurance is required.

10. Self-Insurance

Contractor may, with the prior written consent of County's Risk Manager, fulfill some or all of the insurance requirements contained in this Contract under a plan of self-insurance. Contractor shall only be permitted to utilize such self-insurance if in the opinion of County's Risk Manager, Contractor's (i) net worth, and (ii) reserves for payment of claims of liability against Contractor, are sufficient to adequately compensate for the lack of other insurance coverage required by this Contract. Contractor's utilization of self-insurance shall not in any way limit liabilities assumed by Contractor under the Contract.

11. Claims Made Coverage

If coverage is written on a "claims made" basis, the Certificate of Insurance shall clearly so state. In addition to the coverage requirements specified above, such policy shall provide that:

- A. The policy retroactive date coincides with or precedes Contractor's commencement or work under the Contract (including subsequent policies purchased as renewals or replacements).
- B. Contractor will make every effort to maintain similar insurance during the required extended period of coverage following expiration of the Contract, including the requirement of adding all additional insureds.
- C. If insurance is terminated for any reason, Contractor shall purchase an extended reporting provision of at least two years to report claims arising in connection with the Contract.
- D. The policy allows for reporting of circumstances or incidents that might give rise to future claims.

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EXHIBIT B – INSURANCE AND BONDING REQUIREMENTS

12. Subcontractors' Insurance

Contractor shall require that any and all Subcontractors hired by Contractor are insured in accordance with this Contract. If any Subcontractors coverage does not comply with the foregoing provisions, Contractor shall defend and indemnify the County from any damage, loss, cost or expense, including attorney fees, incurred by County as a result of Subcontractors failure to maintain required coverage.

13. Waiver of Subrogation

Contractor and County release each other, and their respective authorized representatives, from any Claims (as defined in the Article entitled "Indemnity" of the Pro Forma Contract), but only to the extent that the proceeds received from any policy of insurance carried by County or Contractor, other than any self-insurance, covers any such Claim or damage. Included in any policy or policies of insurance provided by Contractor hereunder shall be a standard waiver of rights of Subrogation against County by the insurance company issuing said policy or policies.

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EXHIBIT C – PRICING/PAYMENT SCHEDULE

Engagement:	Estimated # of Hours	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Audit						
Investment Pool						
Quarterly Review						
Classification:	Hourly Rate					
Partner						
Director/Manager						
Senior/Senior Associate						
Staff/Associate						
Clerical/Admin						