

**NAPA COUNTY
AUDIT COMMITTEE**



A Tradition of Stewardship
A Commitment to Service

REQUEST FOR PROPOSALS

for

**PROFESSIONAL AUDITING SERVICES
Of the Fiscal Years Ending
JUNE 30, 2011, 2012 AND 2013**

**Release Date: March 2, 2011
Submittal Deadline:
April 29, 2011
By 5:00 PM Pacific Time**

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NAPA COUNTY REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

Napa County is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2011, June 30, 2012 and June 30, 2013, with the option of extending the terms for each of the two subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards* (2007), the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* as well as Ordinance No. 1 (Napa County Flood Protection and Watershed Improvement Authority) – Measure A.

There is no expressed or implied obligation for Napa County to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

A pre-proposal conference for all the firms interested in submitting a proposal will be held at 9:30 A.M. to 11:30 A.M. on April 18, 2011 at 1195 Third Street, Napa, CA 94559 in the Auditor-Controller's Conference Room to answer questions about the engagement. After this pre-proposal conference, any inquiries concerning the request for proposals should be addressed to Robert Minahen. All interested audit firms will be provided (via e-mail) with a copy of the questions and answers of the pre-proposal conference by April 22, 2011.

To be considered, seven (7) copies of a proposal must be received by Robert Minahen at 1195 Third Street, Room B-10, Napa, CA 94559 by 5:00 P.M. on April 29, 2011 in a sealed package or envelop as stipulated in Section VI. Proposal Requirements. Napa County reserves the right to reject any or all proposals submitted.

An Audit Committee selected by the Napa County Auditor-Controller will evaluate proposals submitted.

During the evaluation process, the Audit Committee and Napa County reserve the right, where it may serve Napa County's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of Napa County or the Audit Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

Napa County reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals,

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unless clearly and specifically noted in the proposal submitted and confirmed in the contract between Napa County and the firm selected.

By submitting a proposal, the respondent represents and warrants that:

1. The information provided is genuine and not a sham, collusive, or made in the interest or in behalf of any party not therein named, and that the respondent has not directly or indirectly induced or solicited any other respondent to put in a sham proposal, or any other respondent to refrain from presenting information and that the prospective provider has not in any manner sought by collusion to secure an advantage.
2. The respondent has not paid or agreed to pay any fee or commission, or any other thing of value contingent upon the award of an exclusive operating area, to any employee, official, or existing contracting consultant of the County of Napa.

The County reserves the right to award an agreement without further competition based on the responses received to this RFP.

The County reserves the right to request additional information not included in this RFP from any or all respondents after April 29, 2011

The County reserves the right to contact references not provided in the submittals.

Proposals will become a public record and available for release to the public upon selection of a successful respondent and an agreement is reached.

It is anticipated a notification of Intent to Award will be issued by May 6, 2011. Following the notification it is expected a contract will be executed between both parties by June 14, 2011.

B. Term of Engagement

A three-year contract with two one-year extensions is contemplated, subject to the annual review and recommendation of the Audit Committee with the concurrence of the Napa County Board of Supervisors and the annual availability of an appropriation.

C. Subcontracting

If this is to be done, the name of the proposed subcontracting firms must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of Napa County.

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II. NATURE OF SERVICES REQUIRED

A. General

Napa County is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2011, June 30, 2012 and June 30, 2013, with the option to audit the County of Napa's financial statements for each of the two subsequent fiscal years with concurrence of the Napa County Board of Supervisors and the annual availability of an appropriation. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

- Audit and report on the financial statements for the County of Napa and its component units, Comprehensive Annual Financial Report (CAFR), including but reported separately the Schedule of Expenditures of Federal Awards.
- Audit and report on the financial statements for the following Joint Powers Authorities, Special Districts and other designated audits, separately from the County's Comprehensive Financial Report, hereafter referred to as non-CAFR entities:
 - Treasury Oversight Committee
 - Napa Vallejo Waste Management Authority
 - Upper Valley Waste Management Authority
 - Napa County Children and Families Commission (First 5)
 - Napa County Flood Control and Water Conservation District
 - Napa County Flood Protection and Watershed Improvement Authority
 - Napa County Local Agency Formation Commission
 - Napa County Transportation Development Act Funds
 - In-Home Support Services Public Authority of Napa County
 - Napa County Regional Park and Open Space District
 - Napa County Housing Authority
- Express an opinion on the fair presentation of the County of Napa's basic financial statements and for each of the non-CAFR financial statements in conformity with generally accepted accounting principles.
- The auditor is not required to audit the combining and individual fund financial statements, schedules, introductory section or statistical section contained in the comprehensive annual financial report. However, the auditor is required to provide an "in-relation-to" opinion on the budgetary comparison schedules and the combining and individual nonmajor fund financial statements based on the auditing procedures applied during the audit of the basic financial statements.

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- Perform certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
- Perform the required procedures for providing a “in relation to” opinion on the schedule of expenditures of federal awards.
- Presentation of the County of Napa’s Comprehensive Annual Financial Report, Schedule of Expenditures of Federal Awards (Single Audit) and Management Report to the Napa County Board of Supervisors.

C. Auditing Standards to be Followed

The audits will be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards* (2007), the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and any subsequent revisions or amendments to the above listed standards.

D. Reports to be Issued

Following the completion of the audit of the County of Napa’s fiscal year financial statements, Comprehensive Annual Financial Report, the auditor will issue:

- A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including but reported separately an “in relation to” opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
- A report on compliance and internal control over financial reporting based on an audit of the financial statements.
- A report on compliance and internal control over compliance applicable to each major federal program.

Following the completion of the audit of the fiscal year's financial statements for non-CAFR entities, the auditor will issue:

- A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an “in relation to” opinion on the

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fair presentation of the schedule of expenditures of federal awards in relation to the audited financial statements, if applicable.

- A report on compliance and internal control over financial reporting based on an audit of the financial statements.
- A report on compliance and internal control over compliance applicable to each major federal program, if applicable.

In the required report on compliance and internal controls, the auditor will communicate any *material deficiencies in internal controls* found during the audit. A material deficiency will be defined as a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

The report on compliance and internal controls will include all material instances of noncompliance. All nonmaterial instances of noncompliance will be reported in a separate management letter, which will be referred to in the report on compliance and internal controls.

Irregularities and illegal acts - Auditors will be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Napa County Auditor-Controller, the Audit Committee, and the Board of Supervisors.

E. Special Considerations

1. Napa County will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor may be required to provide special assistance to Napa County to meet the requirements of that program.
2. Napa County currently anticipates it will prepare one or more official statements in connection with the sale of debt securities, which will contain the basic financial statements and the auditor's report thereon. The auditor shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters."
3. In accordance with provisions of the Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. A-133 Subpart D, Section 400 *Federal Agencies and Pass-Through Entities Responsibilities*, Napa

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County has determined that as of June 30, 2010 the County is not required to have a cognizant agency.

4. The Schedule of Expenditures of Federal Awards and related auditor's report, as well as the reports on compliance and internal controls are to be issued as part of the Single Audit report.

F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by Napa County of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- Napa County
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments or by Napa County as part of an audit quality review process
- Auditors of entities of which Napa County is a sub-recipient of grant funds
- Auditors of entities of which Napa County is a component unit

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

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III. DESCRIPTION OF THE GOVERNMENT

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

The auditor's principal contact with Napa County will be Robert Minahen, Assistant Auditor-Controller, or a designated representative, who will coordinate the assistance to be provided by Napa County to the auditor.

An organization chart is provided in Appendix A.

B. Background Information

The Napa County has a population of approximately 133,000. Napa County's fiscal year begins on July 1 and ends on June 30.

Napa County has a total bi-weekly payroll of approximately \$3.7 million covering approximately 1,400 employees.

The accounting and financial reporting functions of Napa County are centralized.

More detailed information on the government and its finances can be found in the 2010 CAFR. The CAFR and the most recent final audit reports for all of the non-CAFR entities included in this RFP is available on the Napa County website at <http://www.countyofnapa.org/Auditor/>.

C. Fund Structure – See the most recent final audit reports available on the Napa County website at <http://www.countyofnapa.org/Auditor/>.

D. Budgetary Basis of Accounting – See the most recent final audit reports available on the Napa County website at <http://www.countyofnapa.org/Auditor/>.

E. Federal and State Financial Assistance – See the 2010 Single Audit – available on the Napa County website at <http://www.countyofnapa.org/Auditor/>.

F. Pension Plans – See the most recent final audit report available on the Napa County website at <http://www.countyofnapa.org/Auditor/>.

G. Component Units

The management of Napa County identified the following component units for inclusion in the Napa County's financial statements. The component units and the fiscal year 2009-2010 audits were as follows:

- In-Home Support Services Public Authority of Napa County

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- Napa County Flood Protection and Watershed Improvement Authority
- Napa County Housing Authority

These component units also issue an audit report separate from the County of Napa's financial statements.

H. Magnitude of Finance Operations

The Auditor-Controller's Department is headed by Tracy A. Schulze, Auditor-Controller, and consists of 21 employees. The principal functions performed and the number of employees assigned to each is as follows:

<u>Function</u>	<u>Number of Employees</u>
Administration	3
Payroll/Accounts Payable	6
Accounting and Reporting	6
Property Tax	2
Internal Audit	4

I. Computer Systems

The accounting system is an ERP system running on Microsoft Sequel Server. Napa County uses PeopleSoft HRMS (9.1) and Financials (9.1).

J. Internal Audit Function

Napa County has maintained an internal audit function for the past twenty-five years. The internal audit function reports to Tracy A. Schulze, Auditor-Controller, and is staffed by four (4) employees

K. Significant Changes to Accounting Structure

Napa County is undergoing a significant change to its chart of accounts accounting structure, both in the fund/department structure as well as the line item detailed accounts. The changes will take place for fiscal year 2011-2012, the second year of this engagement.

L. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters not available on Napa County's website should contact Robert Minahen at 1195 Third Street, Room B-10, Napa, CA 94559, telephone number (707) 253-4579. Napa County will use its best efforts to make prior audit reports available to proposers to aid their response to this request for proposals.

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IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are to be submitted:

- Request for proposal issued March 2, 2011
- Pre-proposal conference April 18, 2011
- Due date for proposals April 29, 2011

B. Anticipated Notification and Contract Dates

- Notification of Intent to Award May 6, 2011
- Contract date June 14, 2011

C. Date Audit May Commence

Napa County will have all records ready for audit and all management personnel available to meet with the firm's personnel as of the close of the County books usually the end of July. Interim work can begin June 15, 2011.

D. Schedule for the 2010-2011 Fiscal Year Audits

A similar time schedule will be developed for audits of future fiscal years.

Each of the following should be completed by the auditor no later than the dates indicated.

1. Interim Work
The auditor will complete interim work by approximately June 30, 2011.
2. Detailed Audit Plan
The auditor will provide both a detailed audit plan and a list of all schedules to be prepared by Napa County by July 1, 2011
3. Fieldwork
The auditor will complete all fieldwork at least two weeks prior to the draft report due date.

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4. Draft Reports

The auditor will have drafts of the audit report and recommendations to management available for review as shown below.

<u>Reporting Entity</u>	<u>Draft Report Due</u>
County of Napa (CAFR, Single Audit and Management Letter)	November 23, 2011
Treasury Oversight Committee	November 23, 2011
Napa Vallejo Waste Management Authority	October 14, 2011
Upper Valley Waste Management Agency	September 30, 2011
Napa County Children and Families Commission (First 5)	September 16, 2011
Napa County Flood Protection & Watershed Improvement Authority	October 14, 2011
Napa County Flood Control and Water Conservation District	November 23, 2011
Napa County Local Agency Formation Commission	September 30, 2011
Napa County Transportation Development Act Funds	October 14, 2011
In-Home Support Services Public Authority of Napa County	October 14, 2011
Napa County Parks and Open Space District	October 14, 2011
Napa County Housing Authority	October 14, 2011

E. Entrance Conferences, Progress Reporting and Exit Conferences

Routine progress reports, including entrance and exit conferences, will be provided to the Auditor-Controller or a designated representative on a regular basis, but not less than monthly, during the course of the work. The firm conducting the Napa County audit may be required to meet with the County to discuss various issues and provide updates. Also, either the Auditor-Controller's Office or the firm conducting the audit may, with reasonable notice, request a meeting at any time during the course of work.

F. Date Final Report is Due

The Napa County Auditor-Controller will prepare information for the County of Napa's financial statements, notes and all required supplementary schedules [and statistical data] and will assist in the preparation of the non-CAFR financial statements, notes and all required supplementary schedules at least one week prior to the draft report due dates. The auditor will provide a draft auditor's report(s) and all recommendations, revisions and suggestions for improvement to the Napa County Auditor-Controller in accordance with Section IV D (4) above. A revised auditor's report will be delivered to the Auditor-Controller at least two weeks prior to the final report due date listed below.

The Auditor-Controller will complete the review of draft reports as expeditiously as possible. It is not expected that this process should exceed one week. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report will be delivered to the Auditor-Controller by the final report due date.

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The auditor will have final reports and recommendations as follows:

<u>Reporting Entity</u>	<u>Final Report Due</u>
County of Napa (CAFR, Single Audit and Management Letter)	December 9, 2011
Treasury Oversight Committee	December 9, 2011
Napa Vallejo Waste Management Authority	November 4, 2011
Upper Valley Waste Management Agency	October 31, 2011
Napa County Children and Families Commission (First 5)	October 14, 2011
Napa County Flood Protection and Watershed Improvement Authority	November 4, 2011
Napa County Flood Control and Water Conservation District	December 9, 2011
Napa County Local Agency Formation Commission	October 31, 2011
Napa County Transportation Development Act Funds	November 4, 2011
In-Home Support Services Public Authority of Napa County	November 4, 2011
Napa County Parks and Open Space District	November 4, 2011
Napa County Housing Authority	November 4, 2011

The total number of requested copies of the audit must be delivered within ten working days following the final report due date.

The final CAFR report and fifty (50) signed copies, the Single Audit (30 copies), and Management Letter (50 copies) should be delivered to Tracy A. Schulze, Napa County Auditor-Controller at 1195 Third Street, Room B-10, Napa, CA 94559. This will be required if Napa County accepts the bid that includes report preparation by the auditor (Appendix D).

The final Basic Financial Statements and twenty-five (25) signed copies for all non-CAFR entity audits should be delivered to Tracy A. Schulze, Napa County Auditor-Controller at 1195 Third Street, Room B-10, Napa, CA 94559.

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V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Auditor-Controller Department Assistance

The Auditor-Controller staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of Napa County.

B. Internal Audit Staff Assistance

The Napa County Auditor-Controller's Internal Audit Division performs the following audits:

- Mandated Departmental Audits
- Compliance Audits
- Grant Compliance Audits
- Revolving Fund Audits

C. Statements and Schedules to be Prepared by the Staff of Napa County

The accounting staff of the Napa County Auditor-Controller's Office prepares information for statements and schedules contained in the CAFR.

D. Work Area, Telephones, Photocopying and Internet Access

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

E. Report Preparation

The County will prepare the CAFR, however the auditor will be responsible for printing and binding of the report. We are requesting a separate cost breakout for the printing and binding of the County's CAFR.

All other reports will be prepared by the non-CAFR entities with the assistance of the Napa County Auditor-Controller's Office; however, the reports are to be printed and bound by the auditor.

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VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Pre-proposal Conference and On-site Inspections

A voluntary conference for firms interested in submitting proposals will be held on April 18, 2011 in the Auditor-Controller's Conference Room from 9:30 A.M. to 11:30 A.M. Questions will be accepted up to 11:30 during the conference.

All interested audit firms will be provided (via e-mail) with a copy of all submitted questions and answers by April 22, 2011.

2. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must include the contact's email address and must be made by 11:30 A.M., April 18, 2011 to:

Robert Minahen, Assistant Auditor-Controller
1195 Third Street, Room B-10
Napa, CA 94559
Robert.Minahen@countyofnapa.org

All interested audit firms will be provided (via e-mail) with a copy of all submitted questions and answers by April 22, 2011.

Except for the above named, potential respondents should not contact Napa County officials or staff regarding any aspect of this RFP. If such contact is made, the County reserves the right to reject the proposal.

No prior, current, or post award verbal conversations or agreements with any officer, agent, or employee of the County or any other person or entity shall affect or modify any terms or obligations of this RFP or any agreement resulting from this process.

3. Submission of Proposals

The following material is required to be received by April 29, 2011 for a proposing firm to be considered in a sealed package:

- a. A master copy (so marked) of a Technical Proposal and seven (7) copies to include the following:

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i. Title Page

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for a period of sixty days from date of submission.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI B of this request for proposals.

v. Executed copies of Proposer Guarantees and Proposer Warranties, attached to this request for proposal (Appendix B and Appendix C)

- b. The proposer will submit an original and seven (7) copies of a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID
PROPOSAL
FOR
NAPA COUNTY
FOR
PROFESSIONAL AUDITING SERVICES
JUNE 30, 2011

- c. Proposers should send the completed proposal consisting of the two separate envelopes to the following address:

Robert Minahen, Assistant Auditor-Controller
1195 Third Street, Room B-10
Napa, CA 94559

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B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the County of Napa in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their 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 requirements for the request for proposals.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed dollar cost bid). The Proposal 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. While additional data may be presented, the following subjects, items numbers 2 through 10 below, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent, as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards* (2007 Revision), of Napa County and the non-CAFR entities as listed within this document .

The firm also should provide an affirmative statement that it is independent of all of the component units of Napa County as defined by those same standards.

The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving Napa County or any of its agencies, component units or primary government for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

3. License to Practice in California

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in California.

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4. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on these engagements are to be performed and the number and nature of the professional staff to be employed in these engagements on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm will also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm will provide information on the 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.

The firm will also describe its philosophy on continuing education. Specifically, how the firm keeps current on governmental accounting standards as well as California specific fiscal issues.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate 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 three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding 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 agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior

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written permission of Napa County. However, in either case, Napa County retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of Napa County, which 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.

6. Prior Engagements with Napa County

List separately all engagements within the last five years, ranked on the basis of total staff hours, for Napa County and the non-CAFR entities listed in this proposal by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five years that are similar to the engagements described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal. In developing the work plan, reference should be made to such sources of information as Napa County's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- Proposed segmentation of the engagement
- Level of staff and number of hours to be assigned to each proposed segment of the engagement

NAPA COUNTY REQUEST FOR PROPOSALS

- Sample size and the extent to which statistical sampling is to be used in the engagement
- Type and extent of analytical procedures to be used in the engagement
- Approach to be taken to gain and document an understanding of the Napa County's internal control structure
- 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

9. Identification of Anticipated Potential Audit Problems

The proposal should 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 Napa County.

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagements as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

Napa County will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information:

- Name of Firm
- Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with Napa County.

2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The pages following the certification page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix D), which supports the total all-inclusive maximum price.

NAPA COUNTY REQUEST FOR PROPOSALS

- A total all-inclusive maximum price for the County audit services for 2011, 2012, and 2013, and optional extension 2014 and 2015 fiscal year engagements, (CAFR, Single Audit, and Management Letter), including a cost for printing and binding the CAFR
- A total all-inclusive maximum price for Napa County's non-CAFR entities for 2011, 2012, and 2010 and optional extension 2014 and 2015 fiscal year engagements, broken out by each entity.

3. Out-of-pocket Expenses are to be included in the Total All-inclusive Maximum Price.

4. Rates for Additional Professional Services

If it should become necessary for Napa County to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work will be performed only if set forth in an addendum to the contract between Napa County and the firm. Any such additional work agreed to between Napa County and the firm will be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing will cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

NAPA COUNTY REQUEST FOR PROPOSALS

VII. EVALUATION PROCEDURES

A. Audit Committee

Proposals submitted will be evaluated by the Audit Committee selected by the Napa County Auditor-Controller.

B. Review of Proposals

The Audit Committee will use a point formula during the review process to score proposals. Each member of the Audit Committee will score each technical proposal by each of the criteria described in Section VII C below. The full Audit Committee will review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the sealed dollar cost bid will be opened and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

Napa County reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in California
- b. The firm has no conflict of interest with regard to any other work performed by the firm for Napa County
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

NAPA COUNTY REQUEST FOR PROPOSALS

2. Technical Quality – 60%

a. Expertise and Experience

- The firm's past experience and performance on comparable government engagements
- The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
- The quality of professional continuing education, specifically in the area of current governmental accounting standards

b. Audit Approach

- Adequacy of proposed staffing plan for various segments of the engagement
- Adequacy of sampling techniques
- Adequacy of analytical procedures

3. Price – 40%

D. Oral Presentations

During the evaluation process, the Audit Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Audit Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Final Selection

Napa County will select a firm based upon the recommendation of the Audit Committee. However any agreement must be approved by the Napa County Board of Supervisors.

Napa County has a local vendor preference which covers the acquisition of requested services. Local vendors will be awarded contracts for services where qualifications are determined by the audit committee to be otherwise equal, unless such preference is not allowable by law. For this matter, a local vendor is a vendor who has a billing address located within Napa County. Where appropriate, out of county vendors are encouraged to subcontract with qualified local vendors.

It is anticipated that a notification of Intent to Award will be issued by May 6, 2011. Following the notification, it is expected a contract will be executed by June 14, 2011.

NAPA COUNTY REQUEST FOR PROPOSALS

The chosen responder will be executing Professional Service Agreements (PSAs) with the Napa County Board of Supervisors and, where applicable, each independent Board of the listed non-CAFR entities. A sample of the PSA is attached as Exhibit E. The proposer must list out any exceptions to the standard contract language and include proposed alternative language within their proposal. However, the County's acceptance of a proposal does not constitute an obligation to accept changes to the PSA.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between Napa County and the firm selected.

Napa County reserves the right without prejudice to reject any or all proposals.

G. Right to Protest

Proposers have a right to protest the Final Selection in writing within five (5) days after the notification of Intent to Award has been received to:

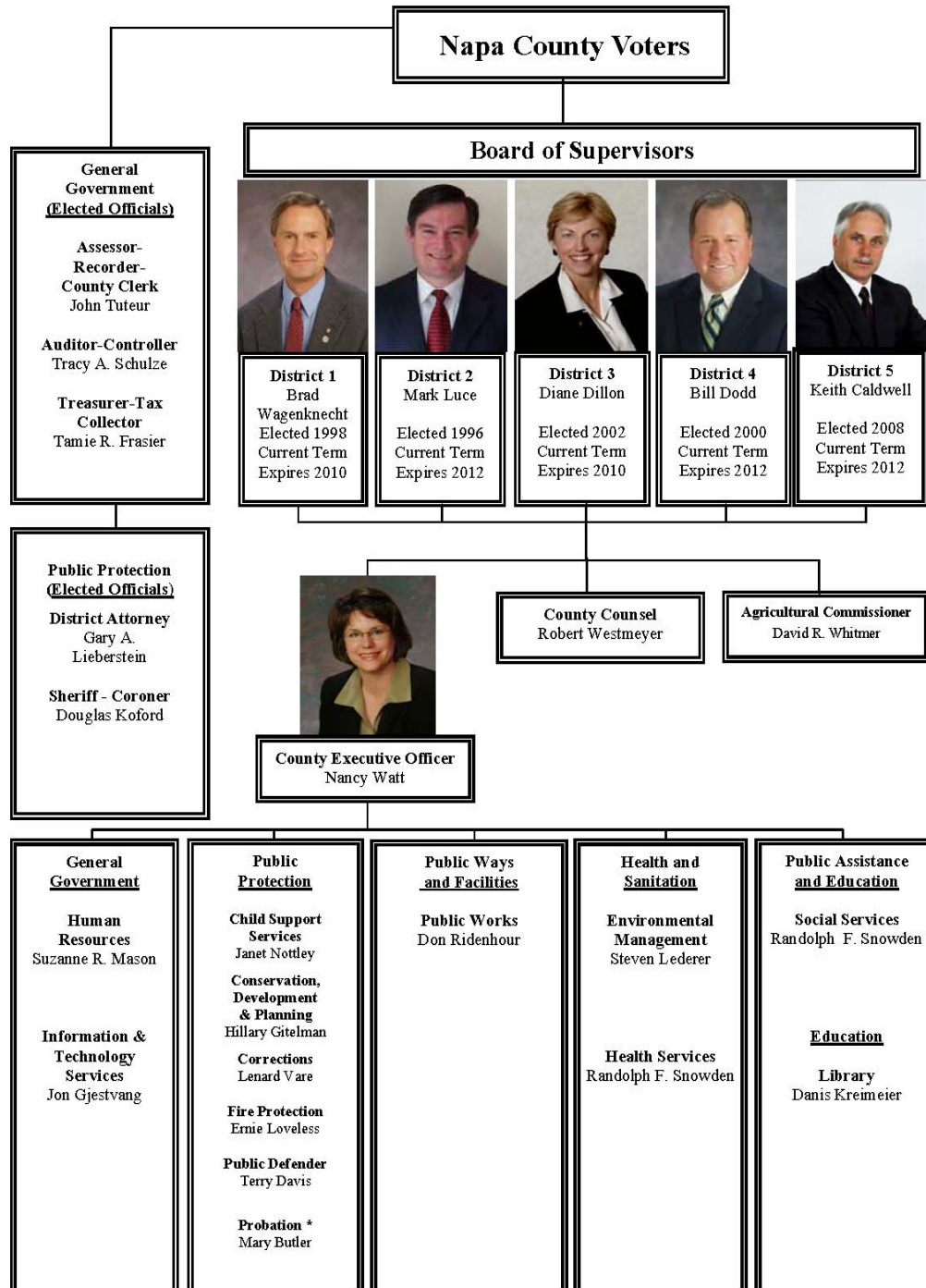
County of Napa
Purchasing Agent
1195 Third Street, Room 310
Napa, CA 94559

Any protest shall include the following information:

1. The date and action taken resulting in a protest, and
2. Identification the material issue, including a detailed explanation of the basis for the protest, and the remedy sought. Specification related protests must be fully supported by technical data test results, or other pertinent information, that the substitute offered is equal to or better than the specification requirement.

NAPA COUNTY REQUEST FOR PROPOSALS

APPENDIX A ORGANIZATION CHART



*Appointed by Napa County Superior Court

**NAPA COUNTY
REQUEST FOR PROPOSALS**

**APPENDIX B
PROPOSER GUARANTEES**

- I. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.
- II. The proposer has read Appendix E, Standard Legal Format to be used in the audit contract, and agrees that the rights and prerogatives as detailed in that appendix are retained by Napa County.
- III. The proposer agrees to be bound by the Standard Legal Format to be used in the audit contract delineated in Appendix E.

Signature of Official: _____
Name (typed):

Title:

Firm:

Date:

**NAPA COUNTY
REQUEST FOR PROPOSALS**

**APPENDIX C
PROPOSER WARRANTIES**

- I. Proposer warrants that it is willing and able to comply with State of California laws with respect to foreign (non-state of California) corporations.
- II. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- III. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of Napa County.
- IV. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
- V. Proposer warrants the information provided is genuine and not a sham, collusive, or made in the interest or in behalf of any party not therein named, and that the respondent has not directly or indirectly induced or solicited any other respondent to put in a sham proposal, or any other respondent to refrain from presenting information and that the prospective provider has not in any manner sought by collusion to secure an advantage.
- VI. Proposer warrants they have not paid or agreed to pay any fee or commission, or any other thing of value contingent upon the award of an exclusive operating area, to any employee, official, or existing contracting consultant of the County of Napa.

Signature of Official: _____
Name (typed):

Title:

Firm:

Date:

**NAPA COUNTY
REQUEST FOR PROPOSALS**

APPENDIX D

Page 1

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
CERTIFICATION**

The certifies that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with Napa County.

Signature of Official: _____
Name (typed):

Title:

Firm:

Date:

Contact Information

– Email:

– Phone:

NAPA COUNTY REQUEST FOR PROPOSALS

APPENDIX D

Page 2

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2011 FINANCIAL STATEMENTS

County Audit/CAFR/Single Audit:

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Cost of Printing and Binding CAFR				_____
Total all-inclusive maximum price for 2011 County Audit/CAFR/Single Audit				<u>\$</u> _____

Non-CAFR Entities:

Treasury Oversight Committee	_____
Napa Vallejo Waste Management Authority	_____
Upper Valley Waste Management Agency	_____
Napa County Children and Families Commission	_____
Napa County Flood Protection and Watershed Improvement Authority	_____
Napa County Local Agency Formation Commission	_____
Napa County Transportation Development Act Funds	_____
In Home Support Services Public Authority of Napa County	_____
Napa County Regional Park and Open Space District	_____
Napa County Housing Authority	_____

NAPA COUNTY REQUEST FOR PROPOSALS

APPENDIX D

Page 3

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2012 FINANCIAL STATEMENTS

<u>County Audit/CAFR/Single Audit:</u>	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Cost of Printing and Binding CAFR				_____
Total all-inclusive maximum price for 2012 County Audit/CAFR/Single Audit				\$ <u> </u>

Non-CAFR Entities:

Treasury Oversight Committee	_____
Napa Vallejo Waste Management Authority	_____
Upper Valley Waste Management Agency	_____
Napa County Children and Families Commission	_____
Napa County Flood Protection and Watershed Improvement Authority	_____
Napa County Local Agency Formation Commission	_____
Napa County Transportation Development Act Funds	_____
In Home Support Services Public Authority of Napa County	_____
Napa County Regional Park and Open Space District	_____
Napa County Housing Authority	_____

NAPA COUNTY REQUEST FOR PROPOSALS

APPENDIX D

Page 4

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2013 FINANCIAL STATEMENTS

<u>County Audit/CAFR/Single Audit:</u>	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Cost of Printing and Binding CAFR				_____
Total all-inclusive maximum price for 2013 County Audit/CAFR/Single Audit				<u>\$</u>
Non-CAFR Entities:				
Treasury Oversight Committee				_____
Napa Vallejo Waste Management Authority				_____
Upper Valley Waste Management Agency				_____
Napa County Children and Families Commission				_____
Napa County Flood Protection and Watershed Improvement Authority				_____
Napa County Local Agency Formation Commission				_____
Napa County Transportation Development Act Funds				_____
In Home Support Services Public Authority of Napa County				_____
Napa County Regional Park and Open Space District				_____
Napa County Housing Authority				_____

NAPA COUNTY REQUEST FOR PROPOSALS

APPENDIX D

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SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2014 FINANCIAL STATEMENTS

<u>County Audit/CAFR/Single Audit:</u>	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Cost of Printing and Binding CAFR				_____
Total all-inclusive maximum price for 2014 County Audit/CAFR/Single Audit				<u>\$ _____</u>

Non-CAFR Entities:

Treasury Oversight Committee	_____
Napa Vallejo Waste Management Authority	_____
Upper Valley Waste Management Agency	_____
Napa County Children and Families Commission	_____
Napa County Flood Protection and Watershed Improvement Authority	_____
Napa County Local Agency Formation Commission	_____
Napa County Transportation Development Act Funds	_____
In Home Support Services Public Authority of Napa County	_____
Napa County Regional Park and Open Space District	_____
Napa County Housing Authority	_____

NAPA COUNTY REQUEST FOR PROPOSALS

APPENDIX D

Page 6

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE 2015 FINANCIAL STATEMENTS

<u>County Audit/CAFR/Single Audit:</u>	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Cost of Printing and Binding CAFR				_____
Total all-inclusive maximum price for 2015 County Audit/CAFR/Single Audit				\$ _____
Non-CAFR Entities:				
Treasury Oversight Committee				_____
Napa Vallejo Waste Management Authority				_____
Upper Valley Waste Management Agency				_____
Napa County Children and Families Commission				_____
Napa County Flood Protection and Watershed Improvement Authority				_____
Napa County Local Agency Formation Commission				_____
Napa County Transportation Development Act Funds				_____
In Home Support Services Public Authority of Napa County				_____
Napa County Regional Park and Open Space District				_____
Napa County Housing Authority				_____

**NAPA COUNTY
REQUEST FOR PROPOSALS**

**APPENDIX E
Standard Legal Format to be Used in the Audit Contract**

NAPA COUNTY AGREEMENT NO. _____

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into as of this _____ day of _____, _____, by and between the COUNTY OF NAPA, a political subdivision of the State of California, hereinafter referred to as "COUNTY", and _____ a _____ corporation", whose mailing [or business] address is _____, hereinafter referred to as "CONTRACTOR";

RECITALS

WHEREAS, COUNTY wishes to obtain specialized services, as authorized by Government Code section 31000, in order to _____; and

WHEREAS, CONTRACTOR is willing to provide such specialized services to COUNTY under the terms and conditions set forth herein;

TERMS

NOW, THEREFORE, COUNTY hereby engages the services of CONTRACTOR, and CONTRACTOR agrees to serve COUNTY in accordance with the terms and conditions set forth herein:

1. **Term of the Agreement.** The term of this Agreement will commence on the date first above written and shall expire on _____, unless terminated earlier in accordance with Paragraphs 9 (Termination for Cause), 10 (Other Termination) or 23(a) (Covenant of No Undisclosed Conflict); except that the obligations of the parties under Paragraphs 7 (Insurance) and 8 (Indemnification) shall continue in full force and effect after said expiration date or early termination in relation to acts or omissions occurring prior to such dates during the term of the Agreement, and the obligations of CONTRACTOR to COUNTY shall also continue after said expiration date or early termination in relation to the obligations prescribed by Paragraphs 15 (Confidentiality), 20 (Taxes) and 21 (Access to Records/Retention).
2. **Scope of Services.** CONTRACTOR shall provide COUNTY those services set forth in Exhibit "A", attached hereto and incorporated by reference herein.

3. **Compensation.**

(a) Rates. In consideration of CONTRACTOR's fulfillment of the promised work, COUNTY shall pay CONTRACTOR at the [rate of _____] **OR** at the rates set forth in Exhibit "B", attached hereto and incorporated by reference herein].

(b) Expenses. No travel or other expenses will be reimbursed by COUNTY. **OR** Travel and other expenses will be reimbursed by COUNTY upon submission of an invoice in accordance with Paragraph 4 at the rates and/or in accordance with the policy(s) set forth in Exhibit "B".

(c) Maximum Amount. Notwithstanding subparagraphs (a) and (b), the maximum payments under this Agreement "per fiscal year" shall be a total of _____ (\$ _____) for professional services and _____ (\$ _____) for expenses; provided, however, that such amounts shall not be construed as guaranteed sums, and compensation shall be based upon services actually rendered and expenses actually incurred.

4. **Method of Payment.**

(a) Invoices. All payments for compensation and reimbursement for expenses shall be made only upon presentation by CONTRACTOR to COUNTY of an itemized billing invoice in a form acceptable to the Napa County Auditor which indicates, at a minimum, CONTRACTOR's name, address, Social Security or Taxpayer Identification Number, itemization of the hours worked or, where compensation is on a per-task basis, a description of the tasks completed during the billing period, the person(s) actually performing the services and the position(s) held by such person(s), and the approved hourly or task rate. Requests for reimbursement shall also describe the nature and cost of the expense and the date incurred. CONTRACTOR shall submit invoices not more often than _____ to the _____ to the Napa County Auditor who, after review and approval as to form and content,

(b) Legal status. So that COUNTY may properly comply with its reporting obligations under federal and state laws pertaining to taxation, if CONTRACTOR is or becomes a corporation during the term of this Agreement, proof that such status is currently recognized by and complies with the laws of both the state of incorporation or organization and the State of California, if different, shall be provided to the Napa County Auditor-Controller upon request in a form satisfactory to the Napa County Auditor. Such proof shall include, but need not be limited to, a copy of any annual or other periodic filings or registrations required by the state of origin or California, the current address for service of process on the corporation or limited liability partnership, and the name of any agent designated for service of process by CONTRACTOR within the State of California.

5. **Independent Contractor.** CONTRACTOR shall perform this Agreement as an independent contractor. CONTRACTOR and the officers, agents and employees of CONTRACTOR are not, and shall not be deemed, COUNTY employees for any purpose, including workers' compensation and employee benefits. CONTRACTOR shall, at CONTRACTOR's own risk and expense, determine the method and manner by which duties imposed on CONTRACTOR by this Agreement shall be performed; provided, however, that COUNTY may monitor the work performed by CONTRACTOR. COUNTY shall not deduct or withhold any amounts whatsoever from the compensation paid to CONTRACTOR, including, but not limited to amounts required to be withheld for state and federal taxes. As between the

parties to this Agreement, CONTRACTOR shall be solely responsible for all such payments.

6. **Specific Performance.** It is agreed that CONTRACTOR, including the agents or employees of CONTRACTOR, shall be the sole providers of the services required by this Agreement. Because the services to be performed by CONTRACTOR under the terms of this Agreement are of a special, unique, unusual, extraordinary, and intellectual or time-sensitive character which gives them a peculiar value, the loss of which cannot be reasonably or adequately compensated in damages in an action of law, COUNTY, in addition to any other rights or remedies which COUNTY may possess, shall be entitled to injunctive and other equitable relief to prevent a breach of this Agreement by CONTRACTOR.

7. **Insurance.** CONTRACTOR shall obtain and maintain in full force and effect throughout the term of this Agreement, and thereafter as to matters occurring during the term of this Agreement, the following insurance coverage:

(a) Workers' Compensation insurance. To the extent required by law during the term of this Agreement, CONTRACTOR shall provide workers' compensation insurance for the performance of any of CONTRACTOR's duties under this Agreement, including but not limited to, coverage for workers' compensation and employer's liability and a waiver of subrogation, and shall provide COUNTY with certification of all such coverages upon request by COUNTY's Risk Manager.

(b) Liability insurance. CONTRACTOR shall obtain and maintain in full force and effect during the term of this Agreement the following liability insurance coverages, issued by a company admitted to do business in California and having an A.M. Best rating of A:VII or better or equivalent self-insurance:

1. General Liability. Commercial general liability [CGL] insurance coverage (personal injury and property damage) of not less than ONE MILLION DOLLARS (\$1,000,000) combined single limit per occurrence, covering liability or claims for any personal injury, including death, to any person and/or damage to the property of any person arising from the acts or omissions of CONTRACTOR or any officer, agent, or employee of CONTRACTOR under this Agreement. If the coverage includes an aggregate limit, the aggregate limit shall be no less than twice the per occurrence limit.

2. Professional Liability/Errors and Omissions. Professional liability [or errors and omissions] insurance for all activities of CONTRACTOR arising out of or in connection with this Agreement in an amount not less than ONE MILLION DOLLARS (\$1,000,000) per claim

3. Comprehensive Automobile Liability Insurance. Comprehensive automobile liability insurance (Bodily Injury and Property Damage) on owned, hired, leased and non-owned vehicles used in conjunction with CONTRACTOR's business of not less than THREE HUNDRED THOUSAND DOLLARS (\$300,000) combined single limit per occurrence.

(c) Certificates. All insurance coverages referenced in 7(b), above, shall be evidenced by one or more certificates of coverage or, with the consent of COUNTY's Risk Manager, demonstrated by other evidence of coverage acceptable to COUNTY's Risk Manager, which shall be filed by CONTRACTOR with the Napa County Auditor-Controller prior to commencement of performance of any of CONTRACTOR's duties; shall reference this Agreement by its COUNTY number or title and department; shall be kept current during the

term of this Agreement; shall provide that COUNTY shall be given no less than thirty (30) days prior written notice of any non-renewal, cancellation, other termination, or material change, except that only ten (10) days prior written notice shall be required where the cause of non-renewal or cancellation is non-payment of premium; and shall provide that the inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, the coverage afforded applying as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the company's liability. For the commercial general liability insurance coverage referenced in 7(b)(1) and, where the vehicles are covered by a commercial policy rather than a personal policy, for the comprehensive automobile liability insurance coverage referenced in 7(b)(3) CONTRACTOR shall also file with the evidence of coverage an endorsement from the insurance provider naming COUNTY, its officers, employees, agents and volunteers as additional insureds and waiving subrogation, and the certificate or other evidence of coverage shall provide that if the same policy applies to activities of CONTRACTOR not covered by this Agreement then the limits in the applicable certificate relating to the additional insured coverage of COUNTY shall pertain only to liability for activities of CONTRACTOR under this Agreement, and that the insurance provided is primary coverage to COUNTY with respect to any insurance or self-insurance programs maintained by COUNTY. The additional insured endorsements for the general liability coverage shall use Insurance Services Office (ISO) Form No. CG 20 09 11 85 or CG 20 10 11 85, or equivalent, including (if used together) CG 2010 10 01 and CG 2037 10 01; but shall not use the following forms: CG 20 10 10 93 or 03 94. Upon request by COUNTY's Risk Manager, CONTRACTOR shall provide or arrange for the insurer to provide within thirty (30) days of the request, certified copies of the actual insurance policies or relevant portions thereof.

(d) **Deductibles/Retentions.** Any deductibles or self-insured retentions shall be declared to, and be subject to approval by, COUNTY's Risk Manager, which approval shall not be denied unless the COUNTY's Risk Manager determines that the deductibles or self-insured retentions are unreasonably large in relation to compensation payable under this Agreement and the risks of liability associated with the activities required of CONTRACTOR by this Agreement. At the option of and upon request by COUNTY's Risk Manager if the Risk Manager determines that such deductibles or retentions are unreasonably high, either the insurer shall reduce or eliminate such deductibles or self-insurance retentions as respects COUNTY, its officers, employees, agents and volunteers or CONTRACTOR shall procure a bond guaranteeing payment of losses and related investigations, claims administration and defense expenses.

8. Hold Harmless/Defense/Indemnification.

(a) **In General.** To the full extent permitted by law, CONTRACTOR shall hold harmless, defend at its own expense, and indemnify COUNTY and the officers, agents, employees and volunteers of COUNTY from any and all liability, claims, losses, damages or expenses, including reasonable attorney's fees, for personal injury (including death) or damage to property, arising from all acts or omissions of CONTRACTOR or its officers, agents, employees, volunteers, contractors and subcontractors in rendering services under this Agreement, excluding, however, such liability, claims, losses, damages or expenses arising from the sole negligence or willful acts of COUNTY or its officers, agents, employees, volunteers, or other contractors or their subcontractors. Each party shall notify the other party immediately in writing of any claim or damage related to activities performed under this Agreement. The parties shall cooperate with each other in the investigation and disposition of any claim arising out of the

activities under this Agreement, providing that nothing shall require either party to disclose any documents, records or communications that are protected under peer review privilege, attorney-client privilege, or attorney work product privilege.

(b) **Employee Character and Fitness.** CONTRACTOR accepts responsibility for determining and approving the character and fitness of its employees (including volunteers, agents or representatives) to provide the services required of CONTRACTOR under this Agreement, including completion of a satisfactory criminal/background check and period rechecks to the extent permitted by law. Notwithstanding anything to the contrary in this Paragraph, CONTRACTOR shall hold COUNTY and its officers, agents and employees harmless from any liability for injuries or damages resulting from a breach of this provision or CONTRACTOR's actions in this regard.

9. **Termination for Cause.** If either party shall fail to fulfill in a timely and proper manner that party's obligations under this Agreement or otherwise breach this Agreement and fail to cure such failure or breach within ten (10) days of receipt of written notice from the other party describing the nature of the breach, the non-defaulting party may, in addition to any other remedies it may have, terminate this Agreement by giving ten (10) days prior written notice to the defaulting party in the manner set forth in Paragraph 13 (Notices). COUNTY hereby authorizes the Napa County Executive Officer to make all decisions and take all actions required under this Paragraph to terminate this Agreement on behalf of COUNTY for cause.

10. **Other Termination.** This Agreement may be terminated by either party for any reason and at any time by giving prior written notice of such termination to the other party specifying the effective date thereof at least thirty (30) days prior to the effective date, as long as the date the notice is given and the effective date of the termination are in the same fiscal year; provided, however, that no such termination may be effected by COUNTY unless an opportunity for consultation is provided prior to the effective date of the termination. COUNTY hereby authorizes the Napa County Executive Officer to make all decisions and take all actions required under this Paragraph to terminate this Agreement on behalf of COUNTY for the convenience of COUNTY.

If, during the term of this Agreement or any extension thereof subsequent to the first fiscal year during the term, COUNTY is unable to appropriate sufficient funds to meet its obligations to CONTRACTOR under this Agreement, such funds are not otherwise available to COUNTY for this purposes, and there are no other legal procedures or available funds by or with which such obligations can be met, and such non-appropriation of funds has not resulted from any act or omission within the control of COUNTY; or, if the funds appropriated to meet such obligations were granted to COUNTY by any agency of the State of California, any federal government agency, or other source and such grant funds are discontinued or otherwise become unavailable to COUNTY during the term of the Agreement or any extension thereof, COUNTY shall have the right to terminate this Agreement by giving CONTRACTOR written notice of such termination at least thirty (30) days prior to the effective date of the termination. In the event of such termination, COUNTY shall be obligated to CONTRACTOR only for payment of compensation and reimbursement of expenses for services satisfactorily completed or incurred and for which invoices are submitted as of the effective date of such termination. The notice of termination shall include a certification by the Napa County Executive Officer or designee thereof that sufficient funds have not been made available to COUNTY to meet COUNTY's

future obligations under the Agreement. In the event of termination under this Agreement, COUNTY shall not enter into a functionally similar agreement with a third party during the remainder of the then-current term, except that if during said period, funds again become available to COUNTY for such services, COUNTY shall offer to execute a new agreement with CONTRACTOR for such services with CONTRACTOR to expire no earlier than the expiration date of this Agreement had it not been terminated under this Paragraph, and on the same terms and conditions as set forth in this Agreement.

11. Disposition of, Title to and Payment for Work upon Expiration or Termination.

(a) Upon expiration or termination of this Agreement, all finished or unfinished documents and other materials, if any, and all rights therein shall become, at the option of COUNTY, the property of and shall be promptly returned to COUNTY, although CONTRACTOR may retain a copy of such work for its personal records only. Unless otherwise expressly provided in this Agreement, any copyrightable or patentable work created by CONTRACTOR under this Agreement shall be deemed a "work made for hire" for purposes of copyright or patent law and only COUNTY shall be entitled to claim or apply for the copyright or patent thereof.

(b) CONTRACTOR shall be entitled to receive compensation for any satisfactory work completed prior to receipt of the notice of termination or commenced prior to receipt of the notice and completed satisfactorily prior to the effective date of the termination; except that CONTRACTOR shall not be relieved of liability to COUNTY for damages sustained by COUNTY by virtue of any breach of the Agreement by CONTRACTOR whether or not the Agreement expired or was otherwise terminated, and COUNTY may withhold any payments not yet made to CONTRACTOR for purpose of setoff until such time as the exact amount of damages due to COUNTY from CONTRACTOR is determined.

12. No Waiver. The waiver by either party of any breach or violation of any requirement of this Agreement shall not be deemed to be a waiver of any such breach in the future, or of the breach of any other requirement of this Agreement.

13. Notices. All notices required or authorized by this Agreement shall be in writing and shall be delivered in person or by deposit in the United States mail, by certified mail, postage prepaid, return receipt requested. Any mailed notice, demand, request, consent, approval or communication that either party desires to give the other party shall be addressed to the other party at the address set forth below. Either party may change its address by notifying the other party of the change of address. Any notice sent by mail in the manner prescribed by this paragraph shall be deemed to have been received on the date noted on the return receipt or five days following the date of deposit, whichever is earlier.

COUNTY

[Name]
[Address]

CONTRACTOR

[Name]
[Address]

14. **Compliance with COUNTY Policies on Waste, Harassment, Drug/Alcohol-Free Workplace, and Computer Use.** CONTRACTOR hereby agrees to comply, and require its employees and subcontractors to comply, with the following policies, copies of which are on file with the Clerk of the Board of Supervisors and incorporated by reference herein.

CONTRACTOR also agrees that it shall not engage in any activities, or permit its officers, agents and employees to do so, during the performance of any of the services required under this Agreement, which would interfere with compliance or induce violation of these policies by COUNTY employees or contractors.

(a) Waste Source Reduction and Recycled Product Content Procurement Policy adopted by resolution of the Board of Supervisors on March 26, 1991.

(b) County of Napa "Policy for Maintaining a Harassment and Discrimination Free Work Environment" revised effective August 23, 2005.

(c) County of Napa Drug and Alcohol Policy adopted by resolution of the Board of Supervisors on June 25, 1991.

(d) Napa County Information Technology Use and Security Policy adopted by resolution of the Board of Supervisors on April 17, 2001. To this end, all employees and subcontractors of CONTRACTOR whose performance of services under this Agreement requires access to any portion of the COUNTY computer network shall sign and have on file with COUNTY's ITS Department prior to receiving such access the certification attached to said Policy.

(e) Napa County Workplace Violence Policy, adopted by the BOS effective May 23, 1995 and subsequently revised effective November 2, 2004, which is located in the County of Napa Policy Manual Part I, Section 37U.

15. **Confidentiality.** Confidential information is defined as all information disclosed to CONTRACTOR which relates to COUNTY's past, present, and future activities, as well as activities under this Agreement. CONTRACTOR shall hold all such information as CONTRACTOR may receive, if any, in trust and confidence, except with the prior written approval of COUNTY, expressed through it's the Napa County Auditor-Controller. Upon cancellation or expiration of this Agreement, CONTRACTOR shall return to COUNTY all written and descriptive matter which contains any such confidential information, except that CONTRACTOR may retain for its files a copy of CONTRACTOR's work product if such product has been made available to the public by COUNTY.

16. **No Assignments or Subcontracts.**

(a) In general. A consideration of this Agreement is the personal reputation of CONTRACTOR; therefore, CONTRACTOR shall not assign any interest in this Agreement or subcontract any of the services CONTRACTOR is to perform hereunder without the prior written consent of COUNTY, which shall not be unreasonably withheld. The inability of the assignee to provide personnel equivalent in experience, expertise, and numbers to those provided by CONTRACTOR, or to perform any of the remaining services required under this Agreement within the same time frame required of CONTRACTOR shall be deemed to be reasonable grounds for COUNTY to withhold its consent to assignment. For purposes of this subparagraph, the consent of COUNTY may be given by the Napa County Auditor-Controller

(b) Effect of Change in Status. If CONTRACTOR changes its status during the term of this Agreement from or to that of a corporation, limited liability partnership, limited liability

company, general partnership, or sole proprietorship, such change in organizational status shall be viewed as an attempted assignment of this Agreement by CONTRACTOR. Failure of CONTRACTOR to obtain approval of such assignment under this Paragraph shall be viewed as a material breach of this Agreement.

17. **Amendment/Modification.** Except as specifically provided herein, this Agreement may be modified or amended only in writing and with the prior written consent of both parties. In particular, only COUNTY, through its Board of Supervisors in the form of an amendment of this Agreement, may authorize extra and/or changed work if beyond the scope of services prescribed by Exhibit "A". Failure of CONTRACTOR to secure such authorization in writing in advance of performing any of the extra or changed work shall constitute a waiver of any and all rights to adjustment in the contract price or contract time and no compensation shall be paid for such extra work.

18. **Interpretation; Venue.**

(a) **Interpretation.** The headings used herein are for reference only. The terms of the Agreement are set out in the text under the headings. This Agreement shall be governed by the laws of the State of California without regard to the choice of law or conflicts.

(b) **Venue.** This Agreement is made in Napa County, California. The venue for any legal action in state court filed by either party to this Agreement for the purpose of interpreting or enforcing any provision of this Agreement shall be in the Superior Court of California, County of Napa, a unified court. The venue for any legal action in federal court filed by either party to this Agreement for the purpose of interpreting or enforcing any provision of this Agreement lying within the jurisdiction of the federal courts shall be the Northern District of California. The appropriate venue for arbitration, mediation or similar legal proceedings under this Agreement shall be Napa County, California; however, nothing in this sentence shall obligate either party to submit to mediation or arbitration any dispute arising under this Agreement.

19. **Compliance with Laws.** CONTRACTOR shall observe and comply with all applicable Federal, State and local laws, ordinances, and codes. Such laws shall include, but not be limited to, the following, except where prohibited by law:

(a) **Non-Discrimination.** During the performance of this Agreement, CONTRACTOR and its subcontractors shall not deny the benefits thereof to any person on the basis of race, color, ancestry, national origin or ethnic group identification, religion or religious creed, gender or self-identified gender, sexual orientation, marital status, age, mental disability, physical disability or medical condition (including cancer, HIV and AIDS), or political affiliation or belief nor shall they discriminate unlawfully against any employee or applicant for employment because of race, color, ancestry, national origin or ethnic group identification, religion or religious creed, gender or self-identified gender, sexual orientation, marital status, age, mental disability, physical disability or medical condition (including cancer, HIV and AIDS), use of family care leave or political affiliation or belief. CONTRACTOR shall ensure that the evaluation and treatment of employees and applicants for employment are free of such discrimination or harassment. In addition to the foregoing general obligations, CONTRACTOR shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12900, et seq.), the regulations promulgated thereunder (Title 2, California Code of Regulations, section 7285.0, et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3,

Title 2 of the Government Code (sections 11135-11139.5) and any state or local regulations adopted to implement any of the foregoing, as such statutes and regulations may be amended from time to time. To the extent this Agreement subcontracts to CONTRACTOR services or works required of COUNTY by the State of California pursuant to agreement between COUNTY and the State, the applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a) through (f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are expressly incorporated into this Agreement by reference and made a part hereof as if set forth in full, and CONTRACTOR and any of its subcontractors shall give written notice of their obligations thereunder to labor organizations with which they have collective bargaining or other agreements.

(b) Documentation of Right to Work. CONTRACTOR agrees to abide by the requirements of the Immigration and Control Reform Act pertaining to assuring that all newly-hired employees of CONTRACTOR performing any services under this Agreement have a legal right to work in the United States of America, that all required documentation of such right to work is inspected, and that INS Form 1-9 (as it may be amended from time to time) is completed and on file for each employee. CONTRACTOR shall make the required documentation available upon request to COUNTY for inspection.

(c) Inclusion in Subcontracts. To the extent any of the services required of CONTRACTOR under this Agreement are subcontracted to a third party, CONTRACTOR shall include all of the provisions of this Paragraph in all such subcontracts as obligations of the subcontractor.

(d) Prevailing Wages.

(1) Affected work. CONTRACTOR shall comply with Labor Code sections 1774 and 1775 in relation to payment of prevailing wages for any portion of the required work performed under this Agreement on or after January 1, 2002 relating to construction design, testing, surveying and/inspection work, and construction if the State Director of Industrial Relations has established prevailing wage rates for the types of work involved.

(2) Prevailing wages rates. In accordance with the provisions of Section 1774 of the Labor Code of the State of California, to the extent the Director of Industrial Relations has established the general prevailing rate of wages (which rate includes employer payments for health and welfare, pension, vacation and similar purposes) for the above-described portions of the work required under this Agreement, such rates of wages will be on file and available for inspection at the office of the County of Napa Department of Public Works, 1195 Third Street, Room 201, Napa, California.

(3) Payroll records. In accordance with Labor Code section 1776, a copy of all payrolls for work subject to this subparagraph shall be submitted weekly to COUNTY's Director of Public Works. Payrolls shall contain the full name, address and social security number of each employee, his correct classification, rate of pay, daily and weekly number of hours worked, itemized deductions made and actual wages paid. They shall also indicate apprentices and ratio of apprentices to journeymen. The employee's address and social security number need only appear on the first payroll on which his name appears. The payroll shall be accompanied by a "Statement of Compliance" signed by the employer or his agent indicating that the payrolls are correct and complete and that the wage rates contained therein are not less than those required by the contract. The "Statement of Compliance" shall be on forms furnished by the Director of Public Works or his designee or on any form with identical wording. CONTRACTOR shall be responsible for the submission of copies of payrolls of all subcontractors.

(4) Apprentices. CONTRACTOR shall be responsible for ensuring compliance with the provisions of Labor Code section 1777.5 relating to employment and payment of apprentices for work under this Agreement relating to land surveying and/or construction inspection if the total compensation to be paid CONTRACTOR for such work is \$30,000 or more.

20. **Taxes.** CONTRACTOR agrees to file federal and state tax returns or applicable withholding documents and to pay all applicable taxes or make all required withholdings on amounts paid pursuant to this Agreement and shall be solely liable and responsible to make such withholdings and/or pay such taxes and other obligations including, without limitation, state and federal income and FICA taxes. CONTRACTOR agrees to indemnify and hold COUNTY harmless from any liability it may incur to the United States or the State of California as a consequence of CONTRACTOR's failure to pay or withhold, when due, all such taxes and obligations. In the event that COUNTY is audited for compliance regarding any withholding or other applicable taxes or amounts, CONTRACTOR agrees to furnish COUNTY with proof of payment of taxes or withholdings on those earnings.

21. **Access to Records/Retention.** COUNTY, any federal or state grantor agency funding all or part of the compensation payable hereunder, the State Controller, the Comptroller General of the United States, or the duly authorized representatives of any of the above, shall have access to any books, documents, papers and records of CONTRACTOR which are directly pertinent to the subject matter of this Agreement for the purpose of making audit, examination, excerpts and transcriptions. Except where longer retention is required by any federal or state law, CONTRACTOR shall maintain all required records for at least seven (7) years after COUNTY makes final payment for any of the work authorized hereunder and all pending matters are closed, whichever is later.

22. **Authority to Contract.** CONTRACTOR and COUNTY each warrant hereby that they are legally permitted and otherwise have the authority to enter into and perform this Agreement.

23. **Conflict of Interest.**

(a) Covenant of No Undisclosed Conflict. The parties to the Agreement acknowledge that they are aware of the provisions of Government Code section 1090, et seq., and section 87100, et seq., relating to conflict of interest of public officers and employees. CONTRACTOR hereby covenants that it presently has no interest not disclosed to COUNTY and shall not acquire any interest, direct or indirect, which would conflict in any material manner or degree with the performance of its services or confidentiality obligation hereunder, except as such as COUNTY may consent to in writing prior to the acquisition by CONTRACTOR of such conflict. CONTRACTOR further warrants that it is unaware of any financial or economic interest of any public officer or employee of County relating to this Agreement. CONTRACTOR agrees that if such financial interest does exist at the inception of this Agreement, COUNTY may terminate this Agreement immediately upon giving written notice without further obligation by COUNTY to CONTRACTOR under this Agreement.

(b) Statements of Economic Interest. CONTRACTOR acknowledges and understands that COUNTY has developed and approved a Conflict of Interest Code as required by state law which requires CONTRACTOR to file with the Elections Division of the Napa County Assessor-Clerk Recorder "assuming office", "annual", and "leaving office" Statements of Economic Interest as a "consultant", as defined in section 18701(a)(2) of Title 2 of the California Code of Regulations, unless it has been determined in writing that CONTRACTOR, although holding a "designated" position as a consultant, has been hired to perform a range of duties so limited in scope as to not be required to fully comply with such disclosure obligation.

CONTRACTOR agrees to timely comply with all filing obligations for a consultant under COUNTY's Conflict of Interest Code unless such a determination is on file on the filing dates for each of the required Statements of Economic Interest.

24. **Non-Solicitation of Employees.** Each party agrees not to solicit for employment the employees of the other party who were directly involved in the performance of the services hereunder for the term of this Agreement and a period of six (6) months after termination of this Agreement except with the written permission of the other party, except that nothing in this Paragraph shall preclude either party from publishing or otherwise distributing applications and information regarding that party's job openings where such publication or distribution is directed to the public generally.

25. **Third Party Beneficiaries.** Nothing contained in this Agreement shall be construed to create any rights in third parties and the parties do not intend to create such rights.

26. **Attorney's Fees.** In the event that either party commences legal action of any kind or character to either enforce the provisions of this Agreement or to obtain damages for breach thereof, the prevailing party in such litigation shall be entitled to all costs and reasonable attorney's fees incurred in connection with such action.

27. **Severability.** If any provision of this Agreement, or any portion thereof, is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this Agreement.

28. **Entirety of Contract.** This Agreement, including any documents expressly incorporated by reference whether or not attached hereto, constitutes the entire agreement between the parties relating to the subject of this Agreement and supersedes all previous agreements, promises, representations, understandings and negotiations, whether written or oral, among the parties with respect to the subject matter hereof.

29. **Reserved.**

IN WITNESS WHEREOF, this Agreement was executed by the parties hereto as of the date first above written.

By _____
[NAME] , [Title]

By _____
[NAME] , [Title]

"CONTRACTOR"

COUNTY OF NAPA, a political subdivision of
the State of California

By _____
_____, Chair of the Board of
Supervisors

"COUNTY"

ATTEST: GLADYS I. COIL,
Clerk of the Board of Supervisors

By: _____

APPROVED AS TO FORM Office of County Counsel By: _____ Date: _____
--

APPROVED BY THE NAPA COUNTY BOARD OF SUPERVISORS Date: _____ Processed by: _____ Deputy Clerk of the Board
--

EXHIBIT "A"

SCOPE OF WORK

CONTRACTOR shall provide COUNTY with the following services:

I. DESCRIPTION OF SERVICES

[NOTE: INSERT A DESCRIPTION, PREFERABLY IN OUTLINE FORM, OF THE SERVICES TO BE PROVIDED. IF PAYMENT IS TO BE BY TASKS, THEN THE TASK DESCRIPTION IN THIS EXHIBIT SHOULD USE THE SAME NUMBERING SYSTEM AS THE TASK PAYMENT SCHEDULE IN EXHIBIT "B". IF CONTRACTOR'S PROPOSAL IS USED AS THE BASIS OF THE DESCRIPTION OF SERVICES, THE TERMINOLOGY IN THE PROPOSAL NEEDS TO BE CONFORMED TO THE TERMINOLOGY IN THE MAIN TEXT OF THE AGREEMENT—FOR INSTANCE, 'COUNTY' SHOULD BE USED RATHER THAN THE "NAPA COUNTY", "YOU" OR "CUSTOMER" OFTEN SEEN IN PROPOSALS; "CONTRACTOR" SHOULD BE USED RATHER THAN THE VENDOR'S ACTUAL NAME OR ACRONYM, "US", OR "WE" OFTEN SEE IN PROPOSALS; AND "WILL" SHOULD BE CHANGED TO "SHALL" WHENEVER IT REFERS TO SOMETHING WHICH CONTRACTOR IS REQUIRED TO DO UNDER THE AGREEMENT. IF THE PROPOSAL WAS SENT IN ELECTRONIC FORM, THESE CHANGES CAN BE MADE DIRECTLY IN THE TEXT, AND THE TEXT USED AS THE DESCRIPTION. OTHERWISE, THIS SECTION I OF EXHIBIT "A" CAN READ: "See Attached. For purposes of this Exhibit "A", references in the Attachment to _____ shall mean _____", WITH THE BLANKS SHOWING HOW THE TERMINOLOGY SHOULD BE CONVERTED.]

[IF THE SCOPE OF WORK INCLUDES PREPARATION OF A DOCUMENT OR WRITTEN REPORT AND THE TOTAL COST OF THE WORK IS MORE THAN \$5,000, THE FOLLOWING PARAGRAPH MUST BE INCLUDED]

II. COMPLIANCE WITH GOVERNMENT CODE SECTION 7550. As required by Government Code section 7550, each document or report prepared by CONTRACTOR for or under the direction of COUNTY pursuant to this Agreement shall contain the numbers and dollar amounts of the Agreement and all subcontracts under the Agreement relating to the preparation of the document or written report. The Agreement and subcontract dollar amounts shall be contained in a separate section of the document or written report. If multiple documents or written reports are the subject of the Agreement or subcontracts, the disclosure section may also contain a statement indicating that the total contract amount represents compensation for multiple documents or written reports.

EXHIBIT "B"

COMPENSATION AND EXPENSE REIMBURSEMENT

[DELETE "AND EXPENSE REIMBURSEMENT" IF EXPENSES ARE NOT BEING REIMBURSED]