

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

Laura Haugl
DEPT: Auditor-Controller

BOARD AGENDA # *B-2

Urgent Routine

AGENDA DATE May 6, 2008

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval to Retain the Certified Public Accounting Firm of Brown Armstrong Accountancy Corporation to Conduct the Annual County Audit for Fiscal Year Ending June 30, 2008

STAFF RECOMMENDATIONS:

1. Approve contracting with the certified public accounting firm of Brown Armstrong Accountancy Corporation to conduct the Annual County audit for the fiscal year ending June 30, 2008.
2. Authorize the Purchasing Agent to negotiate and sign an addendum to the Contract for an independent review of agreed upon procedures and random testing of transactions of the Public Guardian.
3. Authorize the Purchasing Agent to negotiate and sign the final contract.

FISCAL IMPACT:

Brown Armstrong Accountancy Corporation has proposed auditing the fiscal year ended June 30, 2008, for a fee of \$147,000. Total cost for the 2007-2008 audit includes \$60,000 for the County Annual Financial Report, \$40,000 for the County Single Audit, \$35,000 for the audit of the Stanislaus County Health Services Agency Clinics and Ancillary Services Enterprise Fund, and \$12,000 for the audit of the Office of Emergency Services Grant Programs. Stanislaus County Health Services Agency Clinics and Ancillary Services Enterprise Fund pays for its portion of the audit.

(continued on page 2)

BOARD ACTION AS FOLLOWS:

No. 2008-316

On motion of Supervisor Monteith, Seconded by Supervisor Grover
and approved by the following vote,

Ayes: Supervisors: O'Brien, Grover, Monteith, DeMartini and Chairman Mayfield

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

Approval to Retain the Certified Public Accounting Firm of Brown Armstrong
Accountancy Corporation to Conduct the Annual County Audit for Fiscal Year Ending
June 30, 2008

FISCAL IMPACT (continued):

Once payment is made, the County financial and single audit portion (\$100,000) is prorated and charged through the Countywide Cost Allocation Plan to all non-General Fund departments and one General Fund Department, Sheriff's Office Court Security. This distribution generates revenue of \$74,400 to the Board of Supervisor's budget. The difference between the audit cost of \$100,000 and \$74,400 in Revenue and the \$570 in cost transferred to the Sheriff's budget results in a net cost to the Board of Supervisors Budget of \$25,030. This difference is attributable to other General Fund departments that are not charged by County policy. The audit of the Office of Emergency Services Grant Programs is included as a separate quote in the Contract. Because of cost savings resulting from having the work performed at the same time as the county-wide audit, the Office of Emergency Services audit will be \$12,000 this year to be prorated amongst the grants audited and funded by grant revenue. An independent review of the Public Guardian is proposed as a \$16,950 addendum to the Contract to be paid from their budget. All necessary budget adjustments will be made as part of the Fiscal Year 2008-2009 proposed budget.

DISCUSSION:

Brown Armstrong Accountancy Corporation has agreed, in principle, to the terms and conditions of the contract. The scope of the work to be performed is as follows:

1. The Auditor shall provide services under the Agreement and this Project for the auditing services for fiscal year ending June 30, 2008. All work shall be performed in compliance with all Federal, State, and local laws, ordinances and codes and in a manner set forth by industry guidelines and standards.
2. The County of Stanislaus desires the Auditor to express an opinion on the fair presentation of its basic financial statements in conformity with the generally accepted accounting principles.

The Auditor is not required to audit the combining and individual fund financial statements and supporting schedules. However, the Auditor is to provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. The Auditor is not required to audit the statistical section of the report.

The Auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The Auditor is not required to audit the schedule of expenditures of federal awards. However, the Auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

Approval to Retain the Certified Public Accounting Firm of Brown Armstrong Accountancy Corporation to Conduct the Annual County Audit for Fiscal Year Ending June 30, 2008

DISCUSSION (continued):

The County desires the Auditor to perform a separate audit of the Enterprise Fund comprised of Family Practice, Specialty Clinics & Ancillary Services and express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles.

The County desires the Auditor to perform Agreed Upon Procedures to the County's Appropriations Worksheet in accordance with the attestation standards established by the American Institute of Certified Public Accountants.

The County desires the Auditor to perform the necessary steps to meet the audit requirements for the State of California Office of Emergency Services and the Board of Corrections grants.

Based upon a request by the Grand Jury, the County desires the Auditor to perform an independent review of agreed upon procedures and random testing of financial transactions of the Public Guardian. The procedures to be reviewed include internal controls over cash, accounts receivable, accounts payable, conservatees' personal assets, court accountings, calculations and allocation of interest, and case management.

The reports to be produced and delivered under this contract by the Auditors are as follows:

1. Audit plan and schedule,
2. Auditors opinion report on financial statements for Stanislaus County and the Stanislaus County Health Services Agency Clinic and Ancillary Services Enterprise Fund, and schedule of federal awards,
3. Auditors report on compliance over financial reporting,
4. Auditors report on compliance for each major program,
5. Auditors report on the Agreed Upon Procedures to the County's Appropriations Worksheets.

If this agenda item is approved, Brown Armstrong will enter into a contract with Stanislaus County to complete the audit for fiscal year 2007-2008. The Board must approve a contract annually before work can be done. The terms of the annual contract allow the County to terminate the agreement at any time.

Approval to Retain the Certified Public Accounting Firm of Brown Armstrong Accountancy Corporation to Conduct the Annual County Audit for Fiscal Year Ending June 30, 2008

DISCUSSION (continued):

During the course of the audit, regular status meetings will be held to ensure timely completion of the audits. Government Code §25250 gives the Board of Supervisors the authority to employ the services of an independent certified public accountant to perform the examination of the County's financial statements. This audit may be performed in coordination with the investigations conducted by the Grand Jury under Penal Code §925.

The Federal Single Audit Act of 1984 (as amended in 1996) requires all counties in California to annually undergo a single audit. Congress has stated that the purpose of the Act is to (1) Improve the financial management and accountability of state and local governments with respect to federal financial assistance programs; (2) Establish uniform requirements for audits of federal financial assistance to state and local governments; (3) Promote the efficient and effective use of audit resources; and (4) Assure that federal departments and agencies rely upon and use audit work performed during a single audit, to the maximum extent practical.

POLICY ISSUES:

Approval of this contract to conduct the required Annual County and Single Audit for fiscal year ending June 30, 2008 supports the Board's priority of delivering efficient public services and meets legal requirements. County policy on contracting requires Board of Supervisors approval of contracts over \$100,000.

STAFFING IMPACT:

Approximately 1,700 hours of Auditor-Controller staff time is required in conjunction with producing the County's financial statements and providing information and responding to specific requests made by the outside auditors. The Assistant Auditor-Controller will work with the audit firm to coordinate, monitor and schedule the annual audit.



STANISLAUS COUNTY

Purchasing Division

P.O. Box 3229
1010 TENTH ST, SUITE 5400
MODESTO, CALIFORNIA 95353
TEL: (209) 525-6319
FAX: (209) 525-7787

VENDOR: BROWN ARMSTRONG ACCOUNTANTS INC
BROWN ARMSTRONG ACCOUNTANTS INC
4200 TRUXTUN AVE #300
BAKERSFIELD, CA 93309

SHIP TO

AUDITOR-CONTROLLER
1010 TENTH ST #5100
MODESTO, CA 95354

BILL TO

AUDITOR-CONTROLLER
RUTH ENGEN 525-6592
PO BOX 770
MODESTO, CA 95353-0770

Purchase Order

PURCHASE ORDER NO. REVISION PAGE

80343 3 1

THIS PURCHASE ORDER NUMBER MUST APPEAR ON ALL INVOICES, PACKING LISTS, CARTONS AND CORRESPONDENCE RELATED TO THIS ORDER

DATE OF ORDER BUYER
12-JUN-08 T Snow, Jr.

DATE OF REVISION BUYER
03-JUL-08

ORDER ACCT NO.	VENDOR NO.	PAYMENT TERMS	FREIGHT TERMS	F.O.B.	SHIP VIA
62020	30 NET	PREPAID	DESTINATION	COMMON CARRIER	
FIRM TO/TELEPHONE			REQUESTOR / DELIVER TO		
(661) 324-4971					

DESCRIPTION	DELIVERY DATE	QUANTITY	UNIT	UNIT PRICE	EXTENSION	TAX
CONTRACT #13026 FY 07/08 AUDITING SERVICES FOR FY ENDED 06/30/08 AMENDMENT NO 1 SHALL NOT EXCEED \$16,950						
CONTRACT MAX 163,950 EXPIRES 01/16/09					60,000.00	N
COUNTY ANNUAL FIN AUDIT 01.0014100.63100					40,000.00	N
COUNTY SINGLE AUDIT						

RECEIVED
2008 JUL -8 PM 12:22
LARRY D. HAUGH
AUDITOR CONTROLLER

Total Continued

AUTHORIZED SIGNATURE



STANISLAUS COUNTY

Purchasing Division

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80343 3 2

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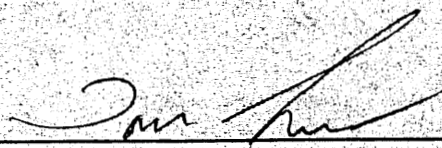
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BUYER ACCT NO.	VENDOR NO.	PAYMENT TERMS	FREIGHT TERMS	F.O.B.	SHIP VIA
	62020	30 NET	PREPAID	DESTINATION	COMMON CARRIER
FIRM TO/TELEPHONE	REQUESTOR / DELIVER TO				
	(661) 324-4971				

Part Number / DESCRIPTION	DELIVERY DATE	QUANTITY	UNIT	UNIT PRICE	EXTENSION	TAX
0100.0041400.63100						
HSA CLINIC & ANCILLARY 4051.1010001.63110					35,000.00	N
PUBLIC GUARDIAN 1503.6031150.63090					16,950.00	N

Total 151,950.00


 AUTHORIZED SIGNATURE

CONTRACT COVER SHEET

NEW CONTRACT AMENDMENT TO CONTRACT (PO# _____ /Contract # _____)

PLEASE FORWARD COVER SHEET, WITH CONTRACT AND AMENDMENT (IF APPLICABLE), TO THE PURCHASING DIVISION.

CONTRACTOR:	DEPARTMENT: Auditor-Controller
Green Aerospace Accountancy Corp.	DIVISION: Admin
4200 Fenwick Ave., Suite 200	PREPARED BY: Joe Israel
Waterford, CA 93394	PHONE: 575-4592
VENDOR NUMBER: 47020	DATE: 05/05/09

CONTRACT DESCRIPTION: Auditing services for 2008-09 6/30/09

	-1-	-2-	-3-	-4-	-5-
LINE DESCRIPTION	County Annual Fin. Audit	County Fiscal Audit	PSA Clinic Ancillary	Public Guardian	
FUND <small>*REQUIRED</small>	0100	0100	4051	1500	
ORG <small>*REQUIRED</small>	0014100	0014100	1010001	0031150	
ACCT <small>*REQUIRED</small>	63100	63100	63110	63050	
GL PROJ					
LOC					
MISC					
AMOUNT <small>(ENCUMBRANCE AMOUNT FOR CURRENT FISCAL YEAR) *REQUIRED</small>	\$50,000	\$40,000	\$35,000	\$10,000	

***** IMPORTANT *****

RATE OF PAY: as attached contract **PAYMENT TERMS:** as attached contract

CONTRACT EFFECTIVE DATE: 05/05/09 **EXPIRATION DATE:** 01/31/09

APPROXIMATE FREQUENCY OF PAYMENTS: as per 17 of attached contract

ADOPTED BY THE BOARD: Y or N CURRENT-YEAR or RESOLUTION NO: 007-016

ADDITIONAL INFORMATION TO BE PRINTED ON PO: _____

NOTES: _____

***** THIS SECTION IS FOR PURCHASING DIVISION USE. *****

TYPE S REV # - MAX EXT YR - ACT EXT YR - MAX AMT 40,000

APPROVED BY: [Signature] ENTERED BY: [Signature] CONTRACT #: 13026

DATE: 05/05/09 DATE: 05/05/09 PO #: 13026

Distribution: Original - Purchasing, Yellow - Auditor A/P, Pink - Department

MASTER AGREEMENT FOR PROFESSIONAL SERVICES

This Master Agreement For Professional Services is made and entered into by and between the County of Stanislaus ("County") and Brown Armstrong Accountancy Corporation ("Auditor"), on June, 2008 (the "Agreement").

Introduction

WHEREAS, the County has a need for professional services involving numerous and different tasks and projects; and

WHEREAS, the Auditor is specially trained, experienced and competent to perform and has agreed to provide such services; and

WHEREAS, the County and the Auditor wish to execute one agreement that shall govern all professional services provided by the Auditor during the term of this Agreement;

NOW, THEREFORE, in consideration of the mutual promises, covenants, terms and conditions hereinafter contained, the parties hereby agree as follows:

Terms and Conditions

1. Scope of Work

1.1 The Auditor shall furnish to the County upon receipt of the County's written authorization to proceed, those services and work set forth in a separately approved scope of work for each project or task being provided by the Auditor, which scope of work, by this reference, is made a part hereof. Each project added to and to be performed under this Agreement shall be separately approved by the parties. Each project where the cost of services does not exceed \$100,000 shall be approved by purchase order issued by the County Purchasing Agent or designee; projects greater than \$100,000 shall be approved by resolution of the Board of Supervisors for the County.

1.2 All documents, drawings and written work product prepared or produced by the Auditor under this Agreement, including without limitation electronic data files, are the property of the Auditor; provided, however, the County shall have the right to reproduce, publish and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Auditor may copyright the same, except that, as to any work which is copyrighted by the Auditor, the County reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so. The County shall defend, indemnify and hold harmless the Auditor and its officers, employees, agents, representatives, subcontractors and consultants from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, arising out of or resulting from the County's reuse of the documents and drawings prepared by the Auditor under this Agreement.

1.3 Services and work provided by the Auditor under this Agreement will be performed in a timely manner in accordance with a schedule of work set forth in the scope of work for each separately approved project. If there is no schedule, the hours and times for completion of said services and work are to be set by the Auditor; provided, however, that such schedule is subject to review by and concurrence of the County.

1.4 The Auditor shall provide services and work under this Agreement consistent with the requirements and standards established by applicable federal, state and County laws, ordinances, regulations and resolutions. The Auditor represents and warrants that it will perform its work in accordance with generally accepted industry standards and practices for the profession or professions that are used in performance of this Agreement and that are in effect at the time of performance of this Agreement. Except for that representation and any representations made or contained in any proposal submitted by the Auditor and any reports or opinions prepared or issued as part of the work performed by the Auditor under this Agreement, Auditor makes no other warranties, either express or implied, as part of this Agreement.

1.5 If the Auditor deems it appropriate to employ a consultant, expert or investigator in connection with the performance of the services under this Agreement, the Auditor will so advise the County and seek the County's prior approval of such employment. Any consultant, expert or investigator employed by the Auditor will be the agent of the Auditor not the County.

2. Consideration

2.1 Unless otherwise provided in an approved scope of work for a project, the Auditor shall be compensated on a time and materials basis not to exceed a specified amount as provided in each scope of work for a project that is approved by the parties.

2.2 Except as expressly provided in this Agreement or in an approved scope of work for a project, Auditor shall not be entitled to nor receive from County any additional consideration, compensation, salary, wages or other type of remuneration for services rendered under this Agreement, including, but not limited to, meals, lodging, transportation, drawings, renderings or mockups. Specifically, Auditor shall not be entitled by virtue of this Agreement to consideration in the form of overtime, health insurance benefits, retirement benefits, disability retirement benefits, sick leave, vacation time, paid holidays or other paid leaves of absence of any type or kind whatsoever.

2.3 Unless otherwise provided in a scope of work for a project approved by the parties, the Auditor shall provide the County with a monthly or a quarterly statement, as services warrant, of fees earned and costs incurred for services provided during the billing period, which the County shall pay in full within 30 days of the date each invoice is approved by the County. A separate statement shall be provided for each scope of work approved by the parties. The statement will generally describe the services performed, the applicable rate or rates, the basis for the calculation of fees, and a reasonable itemization of costs. All invoices for services provided shall be forwarded in the same manner and to the same person and address that is provided for service of notices herein.

2.4 County will not withhold any Federal or State income taxes or Social Security tax from any payments made by County to Auditor under the terms and conditions of this Agreement. Payment of all taxes and other assessments on such sums is the sole responsibility of Auditor. County has no responsibility or liability for payment of Auditor's taxes or assessments.

3. Term

3.1 The term of this Agreement shall be from the date of this Agreement until terminated as provided below. The term for each separately approved scope of work for a project shall begin on the date of approval until completion of the agreed upon services, or as otherwise specified in the approved scope of work.

3.2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party, at that party's option, may terminate this Agreement by giving written notification to the other party.

3.3 Payment for performance by the Auditor shall be dependent upon the availability of appropriations by the County Board of Supervisors for the purposes of this contract. No legal liability on the part of the County for any payment may arise under this agreement until funds are made available and until the Auditor has received funding availability, which will be confirmed in writing. If funding for any fiscal year is reduced or deleted, or if the County loses funding for any reason, the County, in its sole discretion, shall have the option to either: (a) cause this Agreement to be canceled or terminated pursuant to applicable provisions of the Agreement; or (b) offer to amend the Agreement to reflect the reduced funding for this Agreement.

3.4 The County may terminate this Agreement, or any approved scope of work for a project, upon 30 days prior written notice. Termination of this Agreement shall not affect the County's obligation to pay for all fees earned and reasonable costs necessarily incurred by the Auditor as provided in Paragraph 2 herein, subject to any applicable setoffs.

3.5 This Agreement shall terminate automatically on the occurrence of (a) bankruptcy or insolvency of either party, or (b) sale of Auditor's business.

4. Required Licenses, Certificates and Permits

Any licenses, certificates or permits required by the federal, state, county or municipal governments for Auditor to provide the services and work described in the Scope of Service approved by the parties and made part of this Agreement must be procured by Auditor and be valid at the time Auditor enters into this Agreement. Further, during the term of this Agreement, Auditor must maintain such licenses, certificates and permits in full force and effect. Licenses, certificates and permits may include but are not limited to driver's licenses, professional licenses or certificates and business licenses. Such licenses, certificates and permits will be procured and maintained in force by Auditor at no expense to the County.

5. Office Space, Supplies, Equipment, Etc.

Unless otherwise provided in this Agreement or in separately approved scope of work for a project, Auditor shall provide such office space, supplies, equipment, vehicles, reference materials and telephone service as is necessary for Auditor to provide the services under this Agreement. The Auditor--not the County--has the sole responsibility for payment of the costs and expenses incurred by Auditor in providing and maintaining such items.

6. Insurance

6.1 Auditor shall take out, and maintain during the life of this Agreement, insurance policies with coverage at least as broad as follows:

6.1.1 General Liability. Comprehensive general liability insurance covering bodily injury, personal injury, property damage, products and completed operations with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to any act or omission by Auditor under this Agreement or the general aggregate limit shall be twice the required occurrence limit.

6.1.2 Professional Liability Insurance. Professional errors and omissions (malpractice) liability insurance with limits of no less than One Million Dollars (\$1,000,000) aggregate. Such professional liability insurance shall be continued for a period of no less than one year following completion of the Auditor's work under this Agreement.

6.1.3 Automobile Liability Insurance. If the Auditor or the Auditor's officers, employees, agents, representatives or subcontractors utilize a motor vehicle in performing any of the work or services under this Agreement, owned/non-owned automobile liability insurance providing combined single limits covering bodily injury, property damage and transportation related pollution liability with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence.

6.1.4 Workers' Compensation Insurance. Workers' Compensation insurance as required by the California Labor Code. In signing this contract, the Auditor certifies under section 1861 of the Labor Code that the Auditor is aware of the provisions of section 3700 of the Labor Code which requires every employer to be insured against liability for workmen's compensation or to undertake self-insurance in accordance with the provisions of that code, and that the Auditor will comply with such provisions before commencing the performance of the work of this Agreement.

6.2 Any deductibles, self-insured retentions or named insureds must be declared in writing and approved by County. At the option of the County, either: (a) the insurer shall reduce or eliminate such deductibles, self-insured retentions or named insureds, or (b) the Auditor shall provide a bond, cash, letter of credit, guaranty or other security satisfactory to the County guaranteeing payment of the self-insured retention or deductible and payment of any and all costs, losses, related investigations, claim administration and defense expenses. The County, in its sole discretion, may waive the requirement to reduce or eliminate deductibles or self-insured retentions, in which case, the Auditor agrees that it will be responsible for and pay any self-insured retention or deductible and will pay any and all costs, losses, related investigations, claim administration and defense expenses related to or arising out of the Auditor's defense and indemnification obligations as set forth in this Agreement.

6.3 The Auditor shall obtain a specific endorsement to all required insurance policies, except Workers' Compensation insurance and Professional Liability insurance, naming the County and its officers, officials and employees as additional insureds regarding: (a) liability arising from or in connection with the performance or omission to perform any term or condition of this Agreement by or on behalf of the Auditor, including the insured's general supervision of its subcontractors; (b) services, products and completed operations of the Auditor; (c) premises owned, occupied or used by the Auditor; and (d) automobiles owned, leased, hired or borrowed by the Auditor. For Workers' Compensation insurance, the insurance carrier shall agree to waive all rights of subrogation against the County its officers, officials and employees for losses arising from the performance of or the omission to perform any term or condition of this Agreement by the Auditor.

6.4 The Auditor's insurance coverage shall be primary insurance regarding the County and County's officers, officials and employees. Any insurance or self-insurance maintained by the County or County's officers, officials and employees shall be excess of the Auditor's insurance and shall not contribute with Auditor's insurance.

6.5 Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the County or its officers, officials and employees.

6.6 The Auditor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

6.7 Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party except after thirty (30) days' prior written notice has been given to County. The Auditor shall promptly notify, or cause the insurance carrier to promptly notify, the County of any change in the insurance policy or policies required under this Agreement, including, without limitation, any reduction in coverage or in limits of the required policy or policies.

6.8 Insurance shall be placed with California admitted insurers (licensed to do business in California) with a current rating by Best's Key Rating Guide of no less than A:VII; provided, however, that if no California admitted insurance company provides the required insurance, it is acceptable to provide the required insurance through a United States domiciled carrier that meets the required Best's rating and that is listed on the

current List of Eligible Surplus Line Insurers maintained by the California Department of Insurance.

6.9 Auditor shall require that all of its subcontractors are subject to the insurance and indemnity requirements stated herein, or shall include all subcontractors as additional insureds under its insurance policies.

6.10 At least ten (10) days prior to the date the Contractor begins performance of its obligations under this Agreement, Contractor shall furnish County with certificates of insurance, and with original endorsements, showing coverage required by this Agreement, including, without limitation, those that verify coverage for subcontractors of the Contractor. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements shall be received and, in County's sole and absolute discretion, approved by County. County reserves the right to require complete copies of all required insurance policies and endorsements, at any time.

6.11 The limits of insurance described herein shall not limit the liability of the Auditor and Auditor's officers, employees, agents, representatives or subcontractors.

7. Defense and Indemnification

7.1 To the fullest extent permitted by law, Auditor shall indemnify, hold harmless and defend the County and its agents, officers and employees from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorneys' fees, arising out of, resulting from, or in connection with the performance of this Agreement by the Auditor or Auditor's officers, employees, agents, representatives or subcontractors and resulting in or attributable to personal injury, death, or damage or destruction to tangible or intangible property, including the loss of use. Notwithstanding the foregoing, Auditor's obligation to indemnify the County and its agents, officers and employees for any judgment, decree or arbitration award shall extend only to the percentage of negligence or responsibility of the Auditor in contributing to such claim, damage, loss and expense.

7.2 Auditor's obligation to defend, indemnify and hold the County and its agents, officers and employees harmless under the provisions of this paragraph is not limited to or restricted by any requirement in this Agreement for Auditor to procure and maintain a policy of insurance.

7.3 To the fullest extent permitted by law, the County shall indemnify, hold harmless and defend the Auditor and its officers, employees, agents, representatives or subcontractors from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorney's fees, arising out of or resulting from the negligence or wrongful acts of County and its officers or employees.

7.4 Subject to the limitations in 42 United States Code section 9607 (e), and unless otherwise provided in a scope of work for a project approved by the parties:

(a) Auditor shall not be responsible for liability caused by the presence or release of hazardous substances or contaminants at the site, unless the release results from the negligence of Auditor or its subcontractors;

(b) No provision of this Agreement shall be interpreted to permit or obligate Auditor to assume the status of "generator," "owner," "operator," "arranger," or "transporter" under state or federal law; and

(c) At no time, shall title to hazardous substances, solid wastes, petroleum contaminated soils or other regulated substances pass to Auditor.

8. Status of Auditor

8.1 All acts of Auditor and its officers, employees, agents, representatives, subcontractors and all others acting on behalf of Auditor relating to the performance of this Agreement, shall be performed as independent contractors and not as agents, officers or employees of County. Auditor, by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of County. Except as expressly provided in any Scope of Service approved by the Parties, Auditor has no authority or responsibility to exercise any rights or power vested in the County. No agent, officer or employee of the County is to be considered an employee of Auditor. It is understood by both Auditor and County that this Agreement shall not be construed or considered under any circumstances to create an employer-employee relationship or a joint venture.

8.2 At all times during the term of this Agreement, the Auditor and its officers, employees, agents, representatives or subcontractors are, and shall represent and conduct themselves as, independent contractors and not employees of County.

8.3 Auditor shall determine the method, details and means of performing the work and services to be provided by Auditor under this Agreement. Auditor shall be responsible to County only for the requirements and results specified in this Agreement and, except as expressly provided in this Agreement, shall not be subjected to County's control with respect to the physical action or activities of Auditor in fulfillment of this Agreement. Auditor has control over the manner and means of performing the services under this Agreement. If necessary, Auditor has the responsibility for employing other persons or firms to assist Auditor in fulfilling the terms and obligations under this Agreement.

8.4 Auditor is permitted to provide services to others during the same period service is provided to County under this Agreement; provided, however, such services do not conflict directly or indirectly with the performance of the Auditor's obligations under this Agreement.

8.5 If in the performance of this Agreement any third persons are employed by Auditor, such persons shall be entirely and exclusively under the direction, supervision and control of Auditor. All terms of employment including hours, wages, working conditions,

discipline, hiring and discharging or any other term of employment or requirements of law shall be determined by the Auditor.

8.6 It is understood and agreed that as an independent contractor and not an employee of County, the Auditor and the Auditor's officers, employees, agents, representatives or subcontractors do not have any entitlement as a County employee, and, except as expressly provided for in any scope of work made a part hereof, do not have the right to act on behalf of the County in any capacity whatsoever as an agent, or to bind the County to any obligation whatsoever.

8.7 It is further understood and agreed that Auditor must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Auditor's assigned personnel under the terms and conditions of this Agreement.

8.8 As an independent contractor, Auditor hereby indemnifies and holds County harmless from any and all claims that may be made against County based upon any contention by any third party that an employer-employee relationship exists by reason of this Agreement.

9. Records and Audit

9.1 Auditor shall prepare and maintain all writings, documents and records prepared or compiled in connection with the performance of this Agreement for a minimum of four (4) years from the termination or completion of separately approved scope of work for a project. This includes any handwriting, typewriting, printing, photostatic, photographing and every other means of recording upon any tangible thing, any form of communication or representation including letters, words, pictures, sounds or symbols or any combination thereof.

9.2 Any authorized representative of County shall have access to any writings as defined above for the purposes of making audit, evaluation, examination, excerpts and transcripts during the period such records are to be maintained by Auditor. Further, County has the right at all reasonable times to audit, inspect or otherwise evaluate the work performed or being performed under this Agreement.

10. Confidentiality

The Auditor agrees to keep confidential all information obtained or learned during the course of furnishing services under this Agreement and to not disclose or reveal such information for any purpose not directly connected with the matter for which services are provided.

11. Nondiscrimination

During the performance of this Agreement, Auditor and its officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate in violation of any federal, state or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religion, color, national origin, ancestry, physical or mental handicap, medical condition (including

genetic characteristics), marital status, age, political affiliation, sex, or sexual orientation. Auditor and its officers, employees, agents, representatives or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation the County's nondiscrimination policy; the Fair Employment and Housing Act (Government Code sections 12900 et seq.); California Labor Code sections 1101, 1102 and 1102.1; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulations or the Code of Federal Regulations.

12. Assignment

This is an agreement for the services of Auditor. County has relied upon the skills, knowledge, experience and training of Auditor and the Auditor's firm, associates and employees as an inducement to enter into this Agreement. Auditor shall not assign or subcontract this Agreement without the express written consent of County; provided, however, the work under this Agreement may be completed by a wholly owned subsidiary of the Auditor. Further, Auditor shall not assign any monies due or to become due under this Agreement without the prior written consent of County.

13. Notice

Any notice, communication, amendment, addition or deletion to this Agreement, including change of address of either party during the term of this Agreement, which Auditor or County shall be required or may desire to make shall be in writing and may be personally served or, alternatively, sent by prepaid first class mail to the respective parties as follows:

To County:	County of Stanislaus Auditor-Controller Department Attention: Stephen Smith 1010 10 th Street, Suite 5100 Modesto, CA 95354
To Auditor:	Brown Armstrong Accountancy Corporation Attention: Andrew J. Paulden, CPA 4200 Truxtun Avenue, Suite 300 Bakersfield, CA 93309

14. Waiver of Default

Waiver of any default by either party to this Agreement shall not be deemed to be waiver of any subsequent default. Waiver or breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach, and shall not be construed to be a modification of the terms of this Agreement unless this Agreement is modified as provided below.

15. Conflicts

Auditor agrees that it has no interest and shall not acquire any interest direct or indirect which would conflict in any manner or degree with the performance of the work and services under this Agreement.

16. Severability

If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or county statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

17. Amendment

This Agreement may be modified, amended, changed, added to or subtracted from by the mutual consent of the parties hereto if such amendment or change is in written form and executed with the same formalities as this Agreement and attached to the original Agreement to maintain continuity.

18. Entire Agreement

This Agreement supersedes any and all other agreements, either oral or in writing, between any of the parties herein with respect to the subject matter hereof and contains all the agreements between the parties with respect to such matter. Each party acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding.

19. Advice of Attorney

Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.

20. Construction


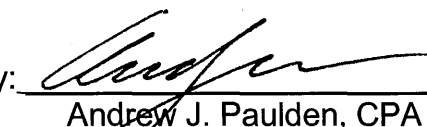
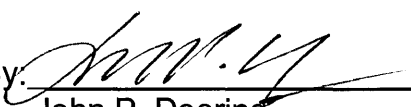
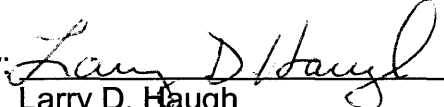
Headings or captions to the provisions of this Agreement are solely for the convenience of the parties, are not part of this Agreement, and shall not be used to

interpret or determine the validity of this Agreement. Any ambiguity in this Agreement shall not be construed against the drafter, but rather the terms and provisions hereof shall be given a reasonable interpretation as if both parties had in fact drafted this Agreement.

21. Governing Law and Venue

This Agreement shall be deemed to be made under, and shall be governed by and construed in accordance with, the laws of the State of California. Any action brought to enforce the terms or provisions of this Agreement shall have venue in the County of Stanislaus, State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first herein above written.

<p>COUNTY OF STANISLAUS</p> <p>By: <u> 6/14/08</u> Julie Mefferd GSA Director/Purchasing Agent "County"</p>	<p>BUSINESS NAME</p> <p>By: <u></u> Andrew J. Paulden, CPA Brown Armstrong Accountancy Corporation "Auditor"</p>
<p>APPROVED AS TO FORM:</p> <p>By: <u></u> John P. Doering Assistant County Counsel</p>	
<p>APPROVED AS TO CONTENT:</p> <p>By: <u></u> Larry D. Haugh Stanislaus County Auditor-Controller</p>	

Brown Armstrong Accountancy Corporation

A. Terms and Conditions

Except as hereinafter provided, the services provided by the Auditor under this Project shall be subject to the terms and conditions set forth in the *Master Agreement For Professional Services* made and entered into by and between the County of Stanislaus ("County") and Brown Armstrong Accountancy Corporation ("Auditor"), on June 4, 2008.

B. Scope of Work

1. The Auditor shall provide services under the Agreement and this Project for the auditing services for fiscal year ending June 30, 2008. All work shall be performed in compliance with all Federal, State, and local laws, ordinances and codes and in a manner set forth by industry guidelines and standards.
2. The County of Stanislaus desires the Auditor to express an opinion on the fair presentation of its basic financial statements in conformity with the generally accepted accounting principles.

The Auditor is not required to audit the combining and individual fund financial statements and supporting schedules. However, the Auditor is to provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. The Auditor is not required to audit the statistical section of the report.

The Auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The Auditor is not required to audit the schedule of expenditures of federal awards. However, the Auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

The County desires the Auditor to perform a separate audit of the Enterprise Fund comprised of Family Practice, Specialty Clinics & Ancillary Services and express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles.

The County desires the Auditor to perform Agreed Upon Procedures to the County's Appropriations Worksheet in accordance with the attestation standards established by the American Institute of Certified Public Accountants.

The County desires the Auditor to perform the necessary steps to meet the audit requirements for the State of California Office of Emergency Services and the Board of Corrections grants.

C. Compensation

The Auditor shall be compensated for the services provided under this Agreement as follows:

- | | |
|---|-----|
| 1. Audit plan and schedule | 10% |
| 2. Completion of field work | 50% |
| 3. Auditors opinion report on financial statements and schedule of federal awards | 20% |
| 4. Auditors report on compliance over financial reporting | 10% |
| 5. Auditors report on compliance for each major program | 10% |

The parties hereto acknowledge the maximum amount to be paid by the County for services provided shall not exceed \$147,000, including, without limitation, the cost of any subcontractors, consultants, experts or investigators retained by the Auditor to perform or to assist in the performance of its work under this Agreement.

D. Additional Terms and Conditions

Schedule dates are as follows:

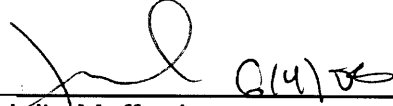

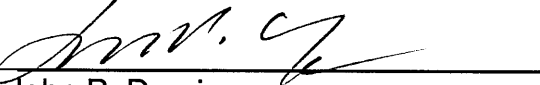
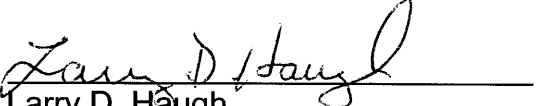
DATE	ACTION
August 4, 2008	Interim Field Work Start Date
November 3, 2008	Year End Field Work Start Date
December 5, 2008	Exit Conference
January 16, 2009	Delivery of Final Reports Draft

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IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first herein above written.

COUNTY OF STANISLAUS By:  Julie Mefferd GSA Director/Purchasing Agent "County"	BUSINESS NAME By:  Andrew J. Paulden, CPA Brown Armstrong Accountancy Corporation "Auditor"
APPROVED AS TO FORM: By:  John P. Doering Assistant County Counsel	
APPROVED AS TO CONTENT: By:  Larry D. Haugh Stanislaus County Auditor-Controller	

Addendum to Agreement for Independent Contractor Services

This Addendum to Agreement for Independent Contractor Services (the "Addendum") is made and entered into by and between the County of Stanislaus ("County") and Brown Armstrong ("Contractor") on June 4, 2008, and is added to and made part of the Agreement for Independent Contractor Services by and between the County and Contractor dated May 6, 2008 (the "Agreement").

A. SCOPE OF WORK

The Contractor shall perform an independent review of agreed upon procedures and random testing of financial transactions of the Public Guardian. The procedures to be reviewed include internal controls over cash, accounts receivable, accounts payable, conservatees' personal assets, court accounting, calculations and allocation of interest, and case management. Follow up on the findings and recommendations in the previous report dated May 31, 2006.

Perform the following agreed upon procedures and any other procedures the Contractor deems necessary to render an opinion upon the internal controls of the Public Guardian.

ACCOUNTS RECEIVABLE

Obtain a listing of all the receipts for the period June 1, 2006 through June 30, 2008 for each conservatee. Select a sample of the receipts and perform the following procedures:

1. Agree the amount of the check received to the detail items listed on the daily receipts batch and deposit slip.
2. Observe the initials of the person independent of the preparation of the deposit slip is documented evidence of reconciliation of the deposit slip to the daily receipts batch report.
3. Agree the total deposit amount from a copy of the deposit slips to the corresponding bank statement.
4. Agree the total amount of the deposit to the Statement of Income and Expense from the trial balance system.

ACCOUNTS PAYABLE

Obtain a listing of cash disbursements for the period June 1, 2006 through June 30, 2008 for each conservatee. Select a sample of the cash disbursements and perform the following procedures:

1. Observe the initials and date on the original invoice as documented evidence of approval for payment. Examine the vendor and manual documentation of the check number, the date and total dollar amount paid.
2. Agree the manual documentation of the total dollar amount paid to the invoice amount and/or authorized approval for partial payment.

3. Agree the vendor, the total dollar amount paid and the check number from manual documentation on the original invoice to a copy of the cash disbursements journal by conservatee. Also agree the noted information to a copy of the check maintained in the file.
4. Recalculate the dollar amounts paid for IMD administrative costs and agree the amounts to the amounts charged to the conservatees.
5. Agree the personal funds to the Service Request Form or a Move Form and verify that the amount allocated to the conservatees for personal funds are properly approved.
6. Agree the vendor, the total dollar amount paid, and the check number from the trial balance to a copy of the canceled check. Observe the endorsement of the payee on the back of the canceled check.
7. Trace the paid check to the bank statement to make sure it cleared the bank within a reasonable amount of time.
8. If the expenditure was requested through the voucher system, agree the copy of the voucher in the individual's file to the voucher log. Observe documentation of the pick up date and the paid date of the voucher. Agree the total amount paid to a copy of the actual store receipt maintained on file. Observe that the voucher was signed by an authorized individual and that the noted voucher limit was not exceeded.
9. If the expenditure was related to a request for services, observe the authorized signature of a supervisor and a case manager on the request is documented evidence of approval for the expenditure and agree to the total amount paid to a copy of the actual store receipt maintained on file.
10. For selected disbursements in the months selected, agree the daily balancing totals to the monthly disbursement reports.

PERSONAL PROPERTY

Obtain a listing of property receipts for the period June 1, 2006 to June 30, 2008. Select a sample of property receipts and perform the following procedures:

1. Agree a sample of property receipts from the Property Receipt Log book to the computer inventory listing. Also agree the property receipts to the copy maintained in the conservatees' individual file.
2. Agree all items listed on at least one property receipt from each conservatee sampled, if applicable, to the detail items included on the computer inventory listing for the selected individual.
3. Agree at least one property receipt for each conservatee with items maintained in the vault, if applicable, from the computer inventory listing to the items physically located in the vault.
4. Observe two authorized signatures, as documented evidence of dual custody, on all copies of property receipts selected in the procedures noted above.
5. Agree unused Property Receipts issued to the Deputies to the Property Receipt Log.

COURT ACCOUNTINGS

Obtain a log of the Court Accountings for the conservatees accounts for the period June 1, 2006 to June 30, 2008. Select a sample of conservatees accounts for which the Court Accounting were documented and perform the following procedures:

1. Examine the Court Accountings to determine whether they were processed either at the end of one year from the original appointment date or at a two year increment after the initial Court Accounting in accordance with Superior Court regulations.

INTEREST ALLOCATION

Interview the Manager at the Public Guardian's Office in order to obtain an understanding of the procedures followed for allocating interest to the various conservatee's accounts on a monthly basis. Select a sample of assignments of guardianship occurring between June 1, 2006 and June 30, 2008. For each guardianship file selected, perform the following procedures:

1. Agree the interest posed to the monthly market statement to the AB1018 interest worksheet for the relevant month.
2. Obtain the schedule of interest rates for passbook and CD accounts. Determine that five area banks were contacted to obtain their rates.
3. Recalculate the average rate to determine the reasonableness.
4. Recalculate the interest allocation to determine the reasonableness.
5. View the conservatees' trial balances in the Panoramic system to determine the interest allocation was appropriately posted.

CASH

Obtain a copy of the transaction detail listing all documented cash receipts, uncashed checks and conservatees checking accounts for conservatees selected.

1. Agree each uncashed check and external checking account from the transaction detail listing to the copy of the property receipt maintained in the conservatee's individual file. Also observe two authorized signatures as documented evidence of dual custody.
2. Observe the input date stamped on the file copy of the property receipt as documented evidence of reconciliation of the uncashed checks and checking accounts and input to trial balance.
3. Agree each uncashed check and checking account from the transaction detail listing to the relevant daily receipts batch. Agree the daily receipts batch to the deposit slip. Also agree the total deposit from the copy of the deposit slip to posting on the bank statement.
4. Verify that each uncashed check and external checking account from the transaction detail listing was posted as income in the individual conservatee's trial balance.

- Verify that the conservatees' external checking accounts open at the time of guardianship were properly closed and the funds in the checking accounts were transferred into the Public Guardian's checking account.

CASE MANAGEMENT

Review the Inventory and Appraisal Log for all the conservatees appointed during June 1, 2006 through June 30, 2008 to determine if the Inventory and Appraisals were prepared within 90 days of temporary conservatorship.

B. COMPENSATION



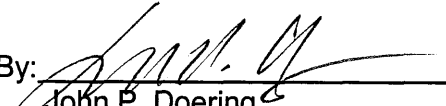
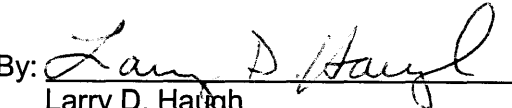
The Contractor shall be compensated for the services provided under this Agreement as follows:

Payment will be based upon work documents submitted by the audit firm to the County and accepted by the county as being satisfactory to the county's needs, not work in process.

- Audit Plan and Schedule 10%
- Auditors Opinion Report 90%

The parties hereto acknowledge the maximum amount to be paid by the County for services shall **not exceed \$16,950.00**, including, without limitation, the cost of any subcontractors, consultants, experts or investigators retained by the Contractor to perform or to assist in the performance of its work under this Addendum.

IN WITNESS WHEREOF, the parties have executed this Addendum on the day and year first herein above written.

<p>COUNTY OF STANISLAUS</p> <p>By:  6/5/08</p> <p>Julie Mefferd GSA Director/Purchasing Agent</p> <p>"County"</p>	<p>BUSINESS NAME</p> <p>By: </p> <p>Andrew J. Paulden, CPA Brown Armstrong Accountancy Corporation</p> <p>"Auditor"</p>
<p>APPROVED AS TO FORM: County Counsel</p> <p>By: </p> <p>John P. Doering County Counsel</p>	
<p>APPROVED AS TO CONTENT:</p> <p>By: </p> <p>Larry D. Haugh Stanislaus County Auditor-Controller</p>	