

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

DEPT: Auditor-Controller *HK*

BOARD AGENDA # *B--2

Urgent Routine

AGENDA DATE April 29, 2014

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval of a Master Agreement with Brown Armstrong Accountancy Corporation to Conduct the Annual County Audit for the Fiscal Year Ending June 30, 2014

STAFF RECOMMENDATIONS:

1. Approve the award of a Master Agreement contracting with the certified accounting firm of Brown Armstrong Accountancy Corporation for County-wide audit services for the fiscal year ending June 30, 2014.
2. Authorize the Purchasing Agent to execute the Master Agreement, projects and any amendments thereto.

FISCAL IMPACT:

Brown Armstrong Accountancy Corporation (Brown Armstrong) has proposed auditing services for the fiscal year ended June 30, 2014. With respect to auditing the County Annual Financial Report, the cost is \$64,000 and the cost of the Single Audit is \$19,300 with a total of \$83,300. This proposed cost is \$19,700 lower than the cost for these services in the prior year.

(continued on page 2)

BOARD ACTION AS FOLLOWS:

No. 2014-177

On motion of Supervisor Chiesa , Seconded by Supervisor Monteith

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Withrow, Monteith, and Chairman De Martini

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 Certified Public Accountants to Conduct the Annual County Audit for Fiscal Year Ending June 30, 2014

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The County Financial Report and the Single Audit portion (\$83,300) of the audit is prorated and charged through the Countywide Cost Allocation Plan to all non-General Fund departments which generates revenue of \$58,455 to the Board of Supervisor's budget. The difference between the audit cost of \$83,300 and \$58,455 in revenue, results in a net cost to the Board of Supervisors budget of \$24,845. The net cost represents the portion of the auditing fee not allocated to General Fund departments as a result of County policy. All necessary budget adjustments will be made as part of the 2014-2015 Final Budget.

The proposed Master Agreement has a three-year term, with two optional one-year renewal terms. Additionally, other departments may elect to participate in the proposed Master Agreement, at pricing shown on the attached Exhibit A. Should each department elect to participate, the total cost of the agreement for the three-year term is \$420,600. On an annual basis, the individual departments will be responsible for the auditing costs in their respective budget units.

DISCUSSION:

The Purchasing Division of the General Services Agency (GSA), on behalf of the County's Auditor-Controller issued Request for Proposal 13-46-MP (RFP) for county-wide audit services. The scope of work set forth in the RFP, developed in collaboration with the Auditor-Controller, was specific to the needs of the Auditor-Controller, but clearly outlined possible audit services required by other County departments.

GSA posted the RFP on December 12, 2013. The RFP was downloaded by 14 vendors. On January 6, 2014 a non-mandatory pre-conference was held and three vendors were in attendance. The RFP closed on January 29, 2014 and GSA received responses from three vendors, listed below:

- Brown Armstrong Accountancy Corporation, of Stockton, CA;
- Gallina, LLP (Gallina), of Roseville, CA; and
- Macias Gini & O'Connell, LLP (MGO), of Sacramento, CA.

All three proposers successfully passed Phase I and were passed on to Phase II of the evaluation process, which was conducted by the Evaluation Committee.

The Evaluation Committee consisted of individuals with direct experience and knowledge of the issues associated with selecting an accounting firm to provide audit services. The team included participants from Auditor-Controller's office and the Finance Division of the County's Health Services Agency. The Evaluation Committee completed Phases II and III of the evaluation process.

Phase II consisted of a review and evaluation of each proposer's response, qualification and general understanding of the project. Only those proposers receiving 30 of the 35

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points were eligible to progress to the next phase. One proposer was disqualified during this phase, and GSA sent a written notice of non-award to the proposer on February 21, 2014. No letter of protest was received during the five-day protest period of the RFP process.

Phase III consisted of proposer interviews and presentations, with a total of 45 possible points available. In Phase IV, the evaluation of pricing proposals was conducted by GSA, based upon a weighted average, with the lowest price assigned 100% of the 70 points possible. GSA then added the scores from Phases II through IV for both of the finalists to establish final scores for each. A summary of the scoring for all four phases of the evaluation process is as follows:

	Total Available	Brown Armstrong	Gallina	MGO
Phase I	Pass/Fail	Pass	Pass	Pass
Phase II (need 30 of 35 to pass)	35	30	25	32
Phase III	45	39	N/A	38
Phase IV	70	70	N/A	60
TOTAL:	150	139	N/A	130

As shown above, Brown Armstrong received the highest score of 139 of a possible 150 points. The award of the contract was made to the proposer whose proposal best met the criteria set forth in the RFP and provides the best value to the County, with price and all other factors considered.

On March 17, 2014, GSA sent written notice of intent to award to Brown Armstrong and notices of non-award to MGO. No letter of protest was received during the five-day protest period of the RFP process.

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

1. Brown Armstrong shall provide services under the Agreement and this Project for the auditing services for fiscal year ending June 30, 2014. 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 Brown Armstrong to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles.

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Brown Armstrong shall also be responsible for performing certain limited procedures involving Required Supplementary Information. The procedures meet the Governmental Accounting Standards Board requirements as mandated by generally accepted auditing standards.

Brown Armstrong is not required to audit the schedule of expenditures of federal awards. However, Brown Armstrong 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 term "in-relation-to" means that based on certain audit steps performed, Brown Armstrong achieved confidence that the schedules were fairly represented.

The reports to be produced and delivered under this contract by Brown Armstrong are as follows:

1. Audit plan and schedule
2. Independent Auditor's Report
3. Required Audit Communication (SAS 114)
4. Agreed Upon Conditions Report Designed to Increase Efficiency, Internal Controls And/Or Financial Reporting, if applicable
5. Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards
6. Report on Compliance With Requirements That Could Have A Direct And Material Effect On Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133

If this agenda item is approved, Brown Armstrong will enter into a contract with Stanislaus County to complete the audit for Fiscal Year 2013-2014. The annual audit contract must be approved by the Board prior to commencement of the auditing services. The terms of the annual contract allow the County to terminate the agreement at any time.

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.

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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 Financial Report and Single Audit for fiscal year ended June 30, 2014 supports the Board's priority of Efficient Delivery of Public Services and meets legal requirements. Per County policy, Board of Supervisors' approval is required for contracts greater than \$100,000. The cumulative amount of the contracts over the 3-year period exceeds \$100,000.

STAFFING IMPACTS:

The General Ledger (GL) division of the Auditor-Controller's office will be responsible for providing information and responding to specific requests made by the auditors. One of the primary responsibilities of the GL division is the production of the Annual Financial Report.

The Assistant Auditor-Controller will coordinate, monitor and schedule the audit in conjunction with the auditing firm.

CONTACT PERSON:

Kashmir Gill, Assistant Auditor-Controller

Telephone: (209) 525-6579

EXHIBIT A

	Year 1	Year 2	Year 3	TOTAL
For Auditor – Controller’s office:				
Comprehensive Annual Financial Report (CAFR):	\$64,000	\$66,000	\$68,000	\$198,000
Single Audit:	\$19,300	\$19,700	\$20,000	\$59,000
For Dept. of Environmental Resources:				
Abandoned Vehicle Abatement Program Audit	\$3,600	\$3,700	\$3,800	\$11,100
For District Attorney’s office:				
Auto Insurance Fraud Program Audit	\$3,600	\$3,700	\$3,800	\$11,100
For Health Services Agency:				
Annual Financial Report (AFR):	\$23,400	\$23,900	\$24,400	\$71,700
For Sheriff’s Department:				
Inmate Welfare Audit	\$8,000	\$8,200	\$8,400	\$24,600
Inmate Welfare Fund Physical Inventory	\$700	\$700	\$700	\$2,100
For Treasury Office:				
Treasury Oversight Committee Examination	\$4,800	\$4,900	\$5,100	\$14,800
Endowment Investment Fund Examination	\$4,300	\$4,400	\$4,500	\$13,200
For Behavioral Health & Recovery Services:				
Public Guardian Financial Statement Audit Plus separate agreed upon procedures engagement	\$4,900	\$5,000	\$5,100	\$15,000
TOTAL:	\$136,600	\$140,200	\$143,800	\$420,600

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, a California Corporation ("Consultant"), on April 29, 2014 (the "Agreement").

Introduction

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

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

WHEREAS, the County and the Consultant wish to execute one agreement that shall govern all professional services provided by the Consultant 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 Consultant 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 Consultant, 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 Consultant under this Agreement, including without limitation electronic data files, are the property of the Consultant; 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 Consultant may copyright the same, except that, as to any work which is copyrighted by the Consultant, 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 Consultant 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 Consultant under this Agreement.

1.3 Services and work provided by the Consultant 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 Consultant; provided, however, that such schedule is subject to review by and concurrence of the County.

1.4 The Consultant 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 Consultant 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 Consultant and any reports or opinions prepared or issued as part of the work performed by the Consultant under this Agreement, Consultant makes no other warranties, either express or implied, as part of this Agreement.

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

2. Consideration

2.1 Unless otherwise provided in an approved scope of work for a project, the Consultant 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, Consultant 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, Consultant 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 Consultant 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 Consultant under the terms and conditions of this Agreement. Payment of all taxes and other assessments on such sums is the sole responsibility of Consultant. County has no responsibility or liability for payment of Consultant'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 Consultant 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 Consultant 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 an 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 Consultant 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 Consultant's business.

4. Required Licenses, Certificates and Permits

Any licenses, certificates or permits required by the federal, state, county or municipal governments for Consultant to provide the services and work described in any Scope of Service approved by the parties and made part of this Agreement any Scope of Service approved by the parties and made part of this Agreement must be procured by Consultant and be valid at the time Consultant enters into this Agreement. Further, during the term of this Agreement, Consultant 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 Consultant 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, Consultant shall provide such office space, supplies, equipment, vehicles, reference materials and telephone service as is necessary for Consultant to provide the services under this Agreement. The Consultant--not the County--has the sole responsibility for payment of the costs and expenses incurred by Consultant in providing and maintaining such items.

6. Insurance

6.1 Consultant 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 Consultant 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 Consultant's work under this Agreement.

6.1.3 Automobile Liability Insurance. If the Consultant or the Consultant'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 Consultant certifies under section 1861 of the Labor Code that the Consultant 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 Consultant 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 Consultant 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 Consultant 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 Consultant's defense and indemnification obligations as set forth in this Agreement.

6.3 The Consultant 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 Consultant, including the insured's general supervision of its subcontractors; (b) services, products and completed operations of the Consultant; (c) premises owned, occupied or used by the Consultant; and (d) automobiles owned, leased, hired or borrowed by the Consultant. 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 Consultant.

6.4 The Consultant'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 Consultant's insurance and shall not contribute with Consultant'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 Consultant'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 Consultant 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 Consultant 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 Consultant and Consultant's officers, employees, agents, representatives or subcontractors.

7. Defense and Indemnification

7.1 To the fullest extent permitted by law, Consultant 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 Consultant or Consultant'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, Consultant'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 Consultant in contributing to such claim, damage, loss and expense.

7.2 Consultant'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 Consultant 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 Consultant 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) Consultant 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 Consultant or its subcontractors;

(b) No provision of this Agreement shall be interpreted to permit or obligate Consultant 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 Consultant.

8. Status of Consultant

8.1 All acts of Consultant and its officers, employees, agents, representatives, subcontractors and all others acting on behalf of Consultant relating to the performance of this Agreement, shall be performed as independent contractors and not as agents, officers or employees of County. Consultant, 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, Consultant 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 Consultant. It is understood by both Consultant 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 Consultant 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 Consultant shall determine the method, details and means of performing the work and services to be provided by Consultant under this Agreement. Consultant 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 Consultant in fulfillment of this Agreement. Consultant has control over the manner and means of performing the services under this Agreement. If necessary, Consultant has the responsibility for employing other persons or firms to assist Consultant in fulfilling the terms and obligations under this Agreement.

8.4 Consultant 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 Consultant's obligations under this Agreement.

8.5 If in the performance of this Agreement any third persons are employed by Consultant, such persons shall be entirely and exclusively under the direction, supervision and control of Consultant. 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 Consultant.

8.6 It is understood and agreed that as an independent contractor and not an employee of County, the Consultant and the Consultant'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 Consultant must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Consultant's assigned personnel under the terms and conditions of this Agreement.

8.8 As an independent contractor, Consultant 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 Consultant 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 Consultant. 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 Consultant 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, Consultant 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 disability, medical condition (including genetic characteristics), marital status, age, political affiliation, sex, or sexual orientation. Consultant 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 Consultant. County has relied upon the skills, knowledge, experience and training of Consultant and the Consultant's firm, associates and employees as an inducement to enter into this Agreement. Consultant 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 Consultant. Further, Consultant 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 Consultant 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 at:
Stanislaus County Purchasing Agent
1010 10th Street, Suite 5400
Modesto, CA 95353

To Consultant at:
Brown Armstrong Accountancy Corporation
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

Consultant 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 or their duly authorized representatives have executed this Agreement on the day and year first hereinabove written.

COUNTY OF STANISLAUS

By: [Signature]
Keith D. Boggs, Assistant Executive
Officer, GSA Director/Purchasing Agent

"County"

Approved: April 29, 2014
BOS Resolution: # 2014-177

APPROVED AS TO CONTENT:
Department of Auditor-Controller

By: [Signature]
Lauren Klein, CPA, Auditor Controller

APPROVED AS TO FORM:
JOHN P. DOERING, County Counsel

By: [Signature]
Deirdre McGrath, Deputy County Counsel

BROWN ARMSTRONG ACCOUNTANCY
CORPORATION

By: [Signature]

Printed Name: Thomas Young

Title: Principal
"Consultant"

EXHIBIT A

A. SCOPE OF WORK

Paragraph 1.1 of the body of this Agreement is amended to read as follows:

1.1 The Consultant shall furnish to the County auditing services as set forth in a separately approved project (each, a "Project") using the form attached hereto 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.

All services provided by Consultant and the manner in which services are to be provided are more particularly set forth in County's Request for Proposal #13-46 MP; the Consultant's responding proposal, as well as any plans, specifications, addenda, and any documents particularly required or provided (as may be applicable), all of which are incorporated herein by reference and made a part hereof (collectively, the "RFP"). All of the foregoing documents, as may be applicable, together with this Agreement, comprise the contract and all services provided hereunder shall be performed in accordance therewith. In the event there is a conflict between the terms and conditions set forth in this Agreement, those set forth in the RFP, and those set forth in Exhibit A, then in such case, the terms and conditions shall control in this order: 1st, Exhibit A, 2nd, this Agreement, and 3rd the RFP.

B. TERM

Paragraph 3.1 of the body of this Agreement is amended to read as follows:

3.1 The term of this Agreement shall be from July 1, 2014 through June 30, 2017 unless otherwise terminated as provided below. This Agreement will not automatically renew but may be renewed for two (2) additional one-year terms by mutual, written agreement of the parties. Such renewal shall be in the form of an amendment to the Agreement. In no such case shall the renewal extend beyond June 30, 2019.

**BROWN ARMSTRONG ACCOUNTANCY CORPORATION
PROJECT NO. [year]-[sequential no.]**

A. Terms and Conditions

Except as hereinafter provided, the services provided by the Consultant 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 [Company Name] ("Consultant"), on _____, 2014.

B. Scope of Work

The Consultant shall provide services under the Agreement and this Project for _____, as follows:

[INSERT DESCRIPTION]

C. Compensation

1. The Consultant shall be compensated for the services provided under this Agreement as follows:

[INSERT DETAIL]

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

D. TERM

The term of this Agreement shall be from _____, 2014 through June 30, 2017 unless sooner terminated as provided below.

IN WITNESS WHEREOF, the parties or their duly authorized representatives have executed this Project No. [year]-[sequential no.] on _____, 2014.

COUNTY OF STANISLAUS

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

By: _____
Keith D. Boggs, Assistant Executive Officer, GSA Director/Purchasing Agent

By: _____

"County"

Printed Name: _____

Approved: _____
BOS Resolution: # _____

Title: _____
"Consultant"

APPROVED AS TO CONTENT:
Department of Auditor-Controller

By: _____
Lauren Klein, CPA, Auditor Controller

APPROVED AS TO FORM:
JOHN P. DOERING, County Counsel

By: _____
Deirdre McGrath, Deputy County Counsel

AMENDMENT NO. 1

TO

MASTER AGREEMENT FOR PROFESSIONAL SERVICES

This Amendment No. 1 to the Master Agreement for Professional Services ("Amendment No. 1") by and between the County of Stanislaus, a political subdivision of the State of California, hereinafter referred to as ("County") and Brown Armstrong Accountancy Corporation, a California Corporation, ("Consultant") is made and entered into on May 17, 2016.

Whereas, the County and Consultant entered into a Master Agreement for Professional Services dated April 29, 2014, ("the Agreement"); and

Whereas, Paragraph 17 – Amendment of this Agreement states this Agreement may be amended if such amendment is in written form and executed with the same formalities as this Agreement; and

Whereas, the Board of Supervisors on April 29, 2014, approved \$420,600 as the total cost of this Agreement for the three (3) year term and authorized the Purchasing Agent to sign amendments to this Agreement; and

Whereas, the County has a need to increase the total not to exceed amount of this Agreement by \$130,000 to allow for additional County departments to have Work performed under this Agreement; and

Whereas this amendment is for the mutual benefit of County and Consultant;

Now, therefore, the County and Consultant agree as follows:

1. Paragraph 1- Scope of Work, section 1.1 is changed to read:

1.1 "The Consultant shall furnish to the County upon receipt of the County's written Project, Exhibit "B" – Sample, those services and Work set forth in each separately approved scope of work for each Project, 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 and the cumulative total of all the Projects issued under this Agreement not exceed the maximum "not to exceed" amount for this Master Agreement."

2. Paragraph 2- Consideration, section 2.1 is changed to read:


"2.1 For each Project let under this Agreement, County shall pay Consultant the rates set forth in Exhibit C, attached hereto and made a part of this Agreement, and or the tasks set forth on separately approved Projects. Contractor shall be
Master Agreement #30853

compensated on a time and materials basis, based on the hours worked by the Consultant's employees or sub consultants at the hourly billable rates specified in the Fee Schedule in Exhibit C. Fee Schedule rates shall include direct salary costs, employee benefits, and overhead. The rates stated in the Fee Schedule are not adjustable during the term of this Agreement. Consultant's compensation under this Agreement shall in no case exceed Five Hundred Fifty Thousand and Six Hundred Dollars (\$550,600.00)."

- 3. This Agreement is amended to add the attached Exhibit C – Fee Schedule.
- 4. Except as stated herein, all other terms and conditions of the Agreement remain unchanged.

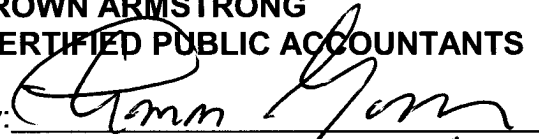
IN WITNESS WHEREOF, the parties or their duly authorized representatives have executed this Amendment on the date written above.

COUNTY OF STANISLAUS

By: 
Keith D. Boggs, Assistant Executive
Officer, GSA Director/Purchasing Agent


"County"

**BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS**

By: 
Name Thomas Young
Title Principal
"Consultant"

Approved: April 29, 2014
BOS Resolution: #2014-177 (B-2)

APPROVED AS TO FORM:
JOHN P. DOERING, County Counsel

By: 
Thomas E. Boze, Assistant County
Counsel

APPROVED AS TO CONTENT:

By: 
Brad Diemer, Purchasing Manager

EXHIBIT C

FEE SCHEDULE

The Consultant shall provide all the labor and materials necessary to perform the services identified in Exhibit A – Scope of Work and the scope of work in each fully executed Project, in accordance with the rate schedule below.

1. LUMP SUM FEE SCHEDULE

The Consultant shall be compensated for the completion of the identified below lump sum not to exceed Projects. Additional Projects issued against the Agreement that are not identified below shall contain the lump sum amounts and the detailed breakdown of the lump sum amounts. The below lump sum not to exceed amounts are all inclusive.

TASK DESCRIPTION	TOTAL NOT TO EXCEED AMOUNT PER TASK			NOT TO EXCEED TOTAL
	Year 1	Year 2	Year 3	
Comprehensive Annual Financial Report (CAFR) for the Auditor Controller's Office	\$64,000	\$66,000	\$68,000	\$198,000
Single Audit for the Auditor Controller's Office	\$19,300	\$19,700	\$20,000	\$59,000
Abandoned Vehicle Abatement Program Audit for Dept. of Environmental Resources	\$3,600	\$3,700	\$3,800	\$11,100
Auto Insurance Fraud Program Audit for District Attorney's Office	\$3,600	\$3,700	\$3,800	\$11,100
Annual Financial Report (AFR) for Health Services Agency	23,400	\$23,900	\$24,400	\$71,700
Inmate Welfare Audit for Sheriff's Department	\$8,000	\$8,200	\$8,400	\$24,600
Inmate Welfare Fund Physical Inventory for Sheriff's Department	\$700	\$700	\$700	\$2,100
Treasury Oversight Committee Examination for Treasury Office	\$4,800	\$4,900	\$5,100	\$14,800
Endowment Investment Fund Examination for Treasury Office	\$4,300	\$4,400	\$4,500	\$13,200
Public Guardian Financial Statement Audit Plus separate agreed upon procedures engagement for Behavioral Health & Recovery Services	\$4,900	\$5,000	\$5,100	\$15,000

2. **HOURLY BILLABLE FEE SCHEDULE**

The below is the hourly billable fee schedule. These rates shall apply for the term of this Agreement:

Title	Year 1 Hourly Billable Rate	Year 2 Hourly Billable Rate	Year 3 Hourly Billable Rate
Partners	\$175.00	\$175.00	\$175.00
Lead Audit Staff	\$150.00	\$150.00	\$150.00
Staff	\$110.00	\$110.00	\$110.00
Clerical/Administrative	\$ 75.00	\$ 75.00	\$ 75.00
TOTAL PRICE			

3. **REIMBURSEMENTS**

In addition to the aforementioned fees, Consultant will be reimbursed for any expenses specifically set forth in a Project Scope of Work. All such reimbursement amounts are limited to those costs and expenses that are reasonable, necessary and actually incurred by the Consultant in connection with the services provided. The County shall not pay a markup on any item of reimbursement. The County shall not pay for any item of overhead such as telephone, cellular phone, facsimile, postage, etc., unless otherwise approved in writing. All requests for reimbursement shall be accompanied by a copy of the original invoice. Travel reimbursements shall be in accordance with the County's Travel Policy, herein by this reference made a part of this Agreement. Reimbursement for travel shall be actual expenditures with no mark up. Copies of receipts shall accompany invoice.

4. **ADDITIONAL SERVICES**

Consultant shall not receive compensation for any services provided outside the scope of services specified in Exhibit 1 and specified in each Project Scope of Work unless the County, prior to Consultant performing the additional services, approves such additional services in writing by means of an amendment. It is specifically understood that oral requests and/or approvals of such additional services or additional compensation shall be barred and are unenforceable.

**BROWN ARMSTRONG ACCOUNTANCY CORPORATION
PROJECT NO. 2016 – 001**

1. Terms and Conditions

Except as hereinafter provided, the services provided by the Consultant 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 ("Consultant"), on April 29, 2014.

2. Scope of Work

The Consultant shall provide services under the Agreement and this Project for County's Community Services Agency as follows:

I. Scope:

- A. Consultant shall certify that they are a Certified Public Accountant (CPA) licensed by the California Board of Accountancy or a Public Accountant (PA) licensed on or before December 31, 1970, and currently certified and licensed by the State of California.
- B. Consultant shall perform a program specific financial and compliance audit of two (2) California Department of Education (CDE) Child Care Programs for the fiscal year ending June 30, 2016, as follows:

<u>Stage/Type</u>	<u>Contract Number</u>
2	C2AP-5063
3	C3AP-5061

- C. Consultant shall examine and audit all books, records and accounts of the Child Care and Development Programs of the County for the fiscal year ending 2016 in accordance with the generally accepted accounting principles in the United States of America (GAAP). The audit shall include review of internal controls, financial transactions and records of the County necessary to express an opinion on the County's financial condition and program compliance. The audit must comply with the requirements of the California Department of Education (CDE), Audits and Investigations Division (A&I), CDE Audit Guide, OMB Circular A-133, 2 CFR 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.
- D. Consultant shall submit two (2) copies of the acceptable annual CDE Child Care and Development financial and compliance audit and management letter no later than November 15, 2016, directly to:

California Department of Education
Audits & Investigations Division
1430 N Street, Suite 5319
Sacramento, CA 95814
Attention: Audit Reports Review Section

- E. Consultant shall provide verification of submission of the completed audit to CDE and fifteen (15) copies of the completed audit to County.
- F. Consultant shall make available, upon request by CDE, a copy of all audit documentation pertaining to the audit.

- G. Consultant may request a one-time only, thirty (30) calendar day extension of the audit due date, provided the inability of the Consultant to submit the audit by the due date was beyond the fault and control of the Consultant or County.

Granting of the extension is contingent upon approval by CDE Audits & Investigations Division and County.

- H. Consultant shall complete audit as to the specific terms outlined in the engagement letter issued May 2016 and as agreed upon by Consultant and Stanislaus County Community Services Agency.
- I. Records shall be destroyed in accordance with the California Department of Social Services (CDSS) Manual of Policy and Procedures (MPP) Division 23, Section 350.

3. **COMPENSATION:**

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

- A. Costs:
 - 1. The maximum amount of this Agreement for the period May 1, 2016, through December 31, 2016, shall not exceed \$24,000.
 - 2. This is a fixed rate, per unit of service Agreement for a completed CDE Child Care Financial and Compliance Audit.
- B. Consultant shall make no charge to the recipient and shall collect no share of cost.
- C. Consultant agrees that the costs to be charged to County for contracted services for the term of this Agreement includes all allowable Consultant costs, both indirect and direct, relative to this Agreement.
- D. Costs must comply with Federal grant reform and uniform guidance in Title 2, Code of Federal Regulation (CFR) Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. The changes included in Title 2, CFR 200 supersede and streamline requirements from several Office of Management and Budget (OMB) Circulars. The circulars included are A-21, A-50, A-87, A-102, A-110, A-122 AND A-133. All equipment purchased by Consultant must be depreciated in accordance with 45 CFR 95.705. All equipment, materials, supplies or property of any kind purchased from funds reimbursed or furnished by County under the terms of this Agreement shall be fully consumed or aged out in the course of the Agreement/program. County reserves the right to physically reclaim any/all such property at the conclusion of the Agreement in accordance with 45 Code of Federal Regulations, Part 74, Administration of Grants.
- E. County shall not be required to purchase any definite amount of services nor does County guarantee to Consultant any minimum amount of funds or hours.
- F. Invoices:
 - 1. For the services provided in the months of May 2016 through December 2016, Consultant shall submit invoices, in a County specified format, within twenty (20) days following the end of service month.

Invoice requirements are subject to change and the Consultant shall be notified in writing.

2. Invoices shall be submitted to:

Stanislaus County Community Services Agency
Attention: Accounts Payable Supervisor, E2A
P.O. Box 42
Modesto, CA 95353-0042
(209) 558-2217

3. Invoice shall include the following: type and date of service and total due.

G. Payments:

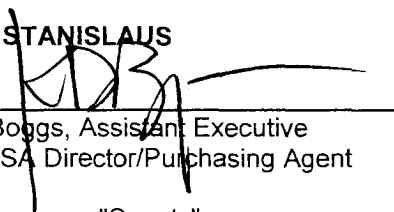
1. If the conditions set forth in this Agreement are met County shall pay, on or before the thirtieth (30th) day after receipt of the invoice, the sum of money claimed by the approved invoice, (less any credit due County for adjustments of prior invoices). If the conditions are not met, County shall pay when the necessary processing is completed.
2. County shall not pay for unauthorized services rendered by Consultant or for the claimed services which County monitoring shows have not been provided as authorized.
3. County retains the right to withhold payment on disputed claims.
4. Payment of all services provided in accordance with the provisions of this Agreement is contingent upon the availability of County, state and federal funds.

4. TERM:

This Agreement shall be effective May 1, 2016, through December 31, 2016, unless sooner terminated.

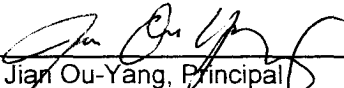
IN WITNESS WHEREOF, the parties or their duly authorized representatives have executed this Project No. 2016-001 on _____, 2016.

COUNTY OF STANISLAUS

By: 
Keith D. Boogs, Assistant Executive
Officer, GSA Director/Purchasing Agent


"County"

BROWN ARMSTRONG ACCOUNTANCY
CORPORATION

By: 
Jian Ou-Yang, Principal

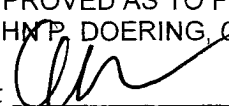
"Consultant"

APPROVED AS TO CONTENT:
COMMUNITY SERVICES AGENCY

By: 
Kathryn M. Harwell, Director

FOR

APPROVED AS TO FORM:
JOHN P. DOERING, County Counsel

By: 
Carrie Stephens, Deputy County Counsel