

**AGREEMENT BETWEEN COUNTY OF LAKE AND CLIFTONLARSONALLEN LLP
FOR AUDIT SERVICES FOR FISCAL YEAR ENDING JUNE 30, 2020
AMENDMENT #1**

THIS AMENDMENT is entered into this 13 day of April, 2020, by and between the COUNTY OF LAKE, a political subdivision of the State of California, hereinafter referred to as "County," and CliftonLarsonAllen LLP, hereinafter referred to as "Auditor", upon the following terms and conditions:

RECITALS

WHEREAS, COUNTY entered into an agreement with the Auditor on the 3rd day of April 2018, for audit services for fiscal years ending June 30, 2018 and June 30, 2019.

WHEREAS, it is the desire of COUNTY and AUDITOR to extend the original agreement for an additional one fiscal year.

WHEREAS, COUNTY hires Auditor in accordance with the following terms and conditions for the purpose of making a careful and complete audit and examination of the books, records, and accounts of the offices of the County.

WHEREAS, AUDITOR is a licensed CPA firm in the State of California and hereby accepts said audit engagement and agrees to perform such audit in accordance with all terms and conditions of this agreement, pursuant to the Auditor's proposal dated March 20, 2020, and pursuant to the County's Request for Proposal for Audit of Annual Financial Statements issued February 21, 2020, which is attached hereto and incorporated herein.

1. AUDITOR'S RESPONSIBILITIES

- A. Auditor shall prepare County of Lake financial statements for the fiscal year ending June 30, 2020, based on the adjusted trial balances, perform an examination of the basic financial statements and appropriate supplementary data, provide assistance with GASB Statement No. 68 calculations, and provide the County with completed workbooks of these calculations.
- B. Auditor shall perform a single audit in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) based on the County's schedule of expenditures of federal awards (SEFA). The objective of the audit will be to express an opinion on the County's compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2020.

- C. Auditor shall perform a separate financial statement audit of the governmental activities and the major fund of the Lake County Housing Commission, a component unit of the County, as of and for the year ended June 30, 2020.
- D. Auditor shall express an opinion on the financial reports and submit as a normal part of the examination a management comment report advising County of opportunities observed for economies in operations, improvements in internal control, and advice on accounting and financial reporting matters.
- E. Auditor shall maintain audit working papers and audit reports for a minimum of five years, and understands that staff of the GAO/cognizant agency is authorized to review any and all working papers.
- F. Auditor shall make such preliminary findings and temporary reports to the County Audit Committee as may be advisable should the audit and examination disclose any matter or matters which may be deemed advisable or expedient to bring to the immediate attention of the County or in such written or temporary manner as may be agreed upon.
- G. Auditor shall adhere to the following timeline for each fiscal year preceding, unless modified by mutual written agreement of County and Auditor:
- Fieldwork—September.
 - Draft report (All)—November 1st.
 - Final report CAFR (20) (all copies, including electronic)—December 15th.
 - Final Housing Audit (10) and Single Audit reports (20) —December 31st.
 - Electronic filing Single Audit and Housing Audit reports to cognizant agencies by due date specified.
- All reports shall be delivered to the County Auditor-Controller.
- H. The audit shall be made in accordance with generally accepted auditing standards and shall result in an expression of an opinion on the basic financial statements and appropriate supplementary data. The additional financial information presented in the financial statements shall be subjected to the same auditing procedures applied in the examination of the basic financial statements.
- I. The objective of the audit is the expression of an opinion: (a) on the fairness of the presentation of the basic financial statements, and (b) on the fairness of presentation in all material respects in relation to the basic financial statements taken as a whole, of the appropriate supplementary data, including the schedule of expenditures of federal awards.
- J. The audit shall include all funds and account groups under the jurisdiction and control of the County. It shall also include those Federal Assistance Programs meeting the criteria specified under Uniform Guidance. Auditor shall develop an audit program which will ensure adequate coverage of all federal assistance programs in order to render an opinion in compliance with Uniform Guidance. In accordance with generally accepted auditing

standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, Auditor shall select necessary procedures for testing to express an opinion regarding State and County statutes, ordinances, administrative code, rules and regulations.

- K. The audit, made in accordance with generally accepted auditing standards, shall include a review of the system of internal controls and tests of transactions to the extent Auditor believes necessary. Accordingly, the audit will not include a detailed audit of transactions to the extent which would be required if intended to disclose defalcations or other irregularities, although their discovery may result. If conditions are discovered which lead Auditor to believe that errors, defalcations or other irregularities may exist in amounts material to the financial statements, or if any other circumstances are encountered that require extended services, Auditor will promptly advise Audit Committee of such.

2. **COMPENSATION.**

- A. As full compensation for all services performed by Auditor, County hereby agrees to pay said Auditor a sum not to exceed \$72,900 (CAFR-\$45,000, Single Audit-\$20,000, Housing Commission Audit-\$7,900, and GASB Statement No. 68 Calculations-\$0) for the year ending June 30, 2020.
- B. Said compensation will be paid upon receipt of a proper invoice, on the following schedule:
- Completion of interim fieldwork – 30% of the total annual cost.
 - Completion of fieldwork – 30% of the total annual cost.
 - Final audit report(s) – 30% of the total annual cost.
 - Acceptance of audit(s) by County Audit Committee, Chair – 10% remaining.

3. **ADDITIONAL WORK.** Notwithstanding the foregoing, it is expressly understood that in the event Auditor encounters any circumstances in the conduct of the audit or irregularities or unforeseen conditions which warrant more detailed investigation or audit not within the scope of a general audit, such circumstances shall be immediately reported to the County Auditor-Controller and if deemed necessary, this agreement may be amended to provide for a more detailed audit and for additional compensation to be paid therefore. Any amendment to this agreement under this provision shall be in writing.

4. **ASSIGNMENT.** Auditor shall not assign any interest in this agreement and shall not transfer any interest in the same without prior written consent of the Audit Committee, except that claims for money due or to become due the Auditor from the County under this agreement may be assigned by the Auditor to a bank, trust company, or other financial institution without such approval. Written notice of any such transfer shall be furnished promptly to the County. Any attempt at assignment of rights under this agreement except for those specifically consented to by both parties or as stated above shall be void.

5. **TERM OF AGREEMENT.** This agreement shall commence on the date approved by all parties, and shall terminate upon Auditor's completion of all responsibilities specified herein, unless earlier terminated as hereinafter provided. County Audit Committee and Auditor has

exercised, upon mutual agreement, this agreement for Auditor to perform County audits subject to budgetary appropriation by the Board of Supervisors.

6. **TERMINATION.** This agreement may be terminated as follows: (a) By mutual consent of the parties; or (b) by County, upon written notice thereof to Auditor. Upon termination, County shall not be liable to pay Auditor the total compensation set forth in "COMPENSATION" Section hereof, but Auditor shall be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Auditor covered by this Agreement.
7. **INDEPENDENT CONTRACTOR.** It is specifically understood and agreed that in the making and performance of this agreement, Auditor is an independent contractor and is not an employee, agent, or servant of the County.
8. **INDEMNIFICATION-HOLD HARMLESS.** Auditor shall indemnify and defend County and its officers, employees, and agents against and hold them harmless from any and all claims, losses, damages, and liability for damages, including attorneys' fees and other costs of defense incurred by County, whether for damage to or loss of property, or injury to or death of person, and injury to or death of County officials, employees or agents, arising out of, or alleged to arise out of or resulting from or in any way connected with Auditor's operations hereunder or the performance of work described herein, unless such damage, loss, injury or death is caused solely by the negligence of County.
9. **INSURANCE.** Auditor shall not commence work under this agreement until it has obtained all the insurance required herein. Certificates of insurance shall be submitted to County. The certificates of insurance shall contain a provision that coverage afforded under the policies will not be canceled until at least twenty (20) days prior written notice has been given to County.

Any failure of Auditor to maintain the insurance required by this paragraph, or to comply with any of the requirements of this paragraph, shall constitute a material breach of the entire agreement.

Certificates evidencing the issuance of the following insurance shall be filed with the County within ten (10) days after the date of execution of this agreement by Auditor:

 - (a) **Compensation Insurance.** Auditor shall procure and maintain, at Auditor's own expense during the term hereof, Workers' Compensation insurance for all of its employees to be engaged in work.
 - (b) **Public Liability and Property Damage Insurance.** Auditor shall procure and maintain, at Auditor's own expense during the term hereof, Comprehensive Public Liability Insurance, both bodily injury and property damage, in an amount of not less than one million dollars (\$1,000,000) combined single limit coverage per occurrence, including but not limited to endorsements for the following coverage's: personal injury, premises-operations, products and completed operations, blanket contractual, and independent contractor's liability.
 - (c) **Automobile Liability Insurance.** Auditor shall procure and maintain, at Auditor's own expense during the term hereof, comprehensive Automobile Liability Insurance, both bodily

injury and property damage, on owned, hired, leased and non-owned vehicles used in connection with Auditor's business in an amount of not less than five hundred thousand dollars (\$500,000) combined single limit coverage per occurrence.

(d) **Professional Liability Insurance.** Auditor shall procure and maintain, at Auditor's own expense during the term hereof, Professional Liability Insurance for protection against claims arising out of the performance of services under this agreement caused by errors, omissions or other acts for which Auditor is liable. Said insurance shall be written with limits of not less than one million dollars (\$1,000,000).

10. **ATTORNEYS' FEES AND COSTS.** If any action at law or in equity is necessary to enforce or interpret the terms of this agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.
11. **INTEREST OF AUDITOR.** Auditor hereby covenants that it has, at the time of the execution of this agreement, no interest, and that it shall not acquire any interest in the future, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed pursuant to this agreement. Auditor further covenants that in the performance of this work, no person having any such interest shall be employed.
12. **MODIFICATION.** This agreement may only be modified by a written amendment hereto, executed by both parties; however, matters concerning scope of services which do not affect the agreed price may be modified by mutual written consent of Auditor and County executed by the County Administrative Officer.
13. **NON-DISCRIMINATION IN EMPLOYMENT.** In the performance of the work authorized under this agreement, Auditor shall not unlawfully discriminate against any qualified worker because of race, religious creed, color, sex, sexual orientation, national origin, ancestry, physical disability, mental disability, medical condition, marital status or age.
14. **OWNERSHIP.** All non-proprietary reports, drawings, renderings, or other documents or materials prepared by Auditor hereunder shall become the property of County.
15. **SEVERABILITY.** If any provision of this agreement is held to be unenforceable, the remainder of the agreement shall be severable and not affected thereby.
16. **CONFIDENTIALITY and SYSTEM(S) ACCESS.** In the course of scope of audit of the County of Lake Auditor will have access to certain confidential information relating to the County's operations including financial transactions, payroll and computer systems, applications and software. This confidential information will include access to the individual salaries, benefits and other personal information of county employees. Auditor agrees that all such confidential information shall not be disclosed to any person without the written authorization of the County Auditor-Controller.

Auditor engagement partners and staff shall be required to sign and follow the Office of the Auditor-Controller Guidelines and Policy for Computer System Access.

17. **NOTICES.** All notices that are required to be given by one party to the other under this agreement shall be in writing and shall be deemed to have been given if delivered personally or by FAX machine or enclosed in a properly addressed envelope and deposited with a US Post Office for delivery addressed to the parties at the following addresses, unless such addresses are changed by notice, in writing, to the other party.

Auditor: CliftonLarsonAllen LLP
Attn: Richard Gonzalez, CPA
925 Highland Pointe Dr., Suite 450
Roseville, CA 95678-5423

County: County of Lake Auditor-Controller
Attn: Cathy Saderlund
255 North Forbes Street
Lakeport, CA 95453

18. **ADDITIONAL PROVISIONS.** This agreement shall be governed by the laws of the State of California. It constitutes the entire agreement between the parties regarding its subject matter. This agreement supersedes all proposals, oral and written, and all negotiations, conversations or discussions heretofore and between the parties related to the subject matter of this agreement.

COUNTY OF LAKE

Chair, Board of Supervisors

AUDITOR



Fed ID # 4140746749

ATTEST: Carolyn Purdy
Clerk of the Board

BY _____

APPROVED AS TO FORM:

ANITA L. GRANT, County Counsel