

# **COUNTY OF LAKE REQUEST FOR PROPOSAL**



## **AUDITOR-CONTROLLER**

### **Audit of Annual Financial Statements**

**Release Date: March 8, 2021**

**Submittal Deadline: April 2, 2021, 5:00 PM Pacific Time**

Interested parties are invited to submit proposals in accordance with the requirements of this solicitation which are contained herein

**COUNTY OF LAKE  
Office of the Auditor-Controller  
255 N. Forbes  
Lakeport, CA 95453**

**Also available online at:**

**<http://www.lakecountycalifornia.gov/Business/WithCounty/RFP.htm>**

**COUNTY OF LAKE  
AUDITOR CONTROLLER**

**Request for Proposal to Conduct an Audit  
Of Annual Financial Statements**

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## 1.0 – Introduction and General Information

- 1.1. The County of Lake is soliciting proposals from qualified firms, herein referred to as Contractor, to provide independent audit services. The purpose for these audit services will be:

To express an opinion on the fair presentation of the County's basic financial statements, including the combining and individual fund financial statements, as included in the County's Comprehensive Annual Financial Report (CAFR) in accordance with accounting standards generally accepted in the United States of America (GAAP) for the fiscal years ending June 30, 2021, 2022, 2023, with optional extensions for fiscal years 2024 and 2025 at the discretion of the County.

To perform a single audit of the County's federal award programs in accordance with 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).

To perform a separate audit of the County Housing Authority.

All audit services shall be provided in accordance with all terms and conditions contained herein.

- 1.3 Each proposer shall provide one proposal. The proposal shall be organized to address individually each of the following components as outlined in Section 2.0 of this RFP.

- 2.1.2 Comprehensive Annual Financial Report (CAFR)
- 2.1.3 Lake County Housing Commission Audit
- 2.1.4 GASB Statement No. 68
- 2.2 Single Audit

- 1.3 Additional detail on the required reports to be provided by the Contractor and assistance to be provided by the County is described in Section 3.0 and Section 5.0, respectively.

- 1.4 Lake County, population 64,040, operates under general law and is governed by an elected five-member Board of Supervisors (Board). The 2021 budget for the county over \$242 million. There are 7 internal service funds whose budget is another \$10.7 million, one enterprise fund whose budget is \$8.3 million, and 30 special revenue funds with combined budgets over \$60 million. The County Administrator is appointed by and reports to the Board. Organizational units of the County are under the direction of elected officials or appointed department heads.

- 1.5 The Auditor-Controller, an elected official, is the chief financial officer of the County. Accounting records for the County and financial statements for the CAFR are maintained and prepared by the Auditor-Controller's office. The audited financial statements of the County have consistently received unqualified audit opinions and it is the intention of the County to maintain that

level of audit results. The audit firm selected will prepare the CAFR, including the statistical section, from information made available by the County. The Audit firm shall prepare the CAFR for submission in accordance to all requirements of the Government Finance Officers Associations (GFOA) Excellence in Financial Reporting program. The Auditor-Controller's office will oversee the preparation of the statements in the CAFR, and Single Audit. The County reported 4 individual major governmental funds, as defined in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, for the fiscal year ended June 30, 2020. Copies of the County's CAFR's, the County's Adopted Budget, and the County Single Audits are available on the Auditor-Controller's webpage under Financial Reporting located at: <http://www.lakecountycalifornia.gov/GovernmentDirectory/AuditorController/Financial.htm>. The audit management letter can be provided upon request.

- 1.6 The County adheres to the accounting principles, standards and procedures prescribed by the State Controller's Office as set forth in its manual Accounting Standards and Procedures for Counties, which conforms to generally accepted accounting principles (GAAP).
- 1.7 The County uses CentralSquare NaviLine as its financial system. NaviLine is an integrated system of modules that performs double entry accounting. The County also uses Megabyte for the property tax system. There are in-house developed and vendor specific software systems utilized throughout the County departments.
- 1.8 Contractors may submit questions for clarification about the Request for Proposal (RFP) requirements to the County via email to the following email address: [marcy.harrison@lakecountycalifornia.gov](mailto:marcy.harrison@lakecountycalifornia.gov). All questions must be received by 5 pm (Pacific Time) on March 19, 2021. However, the County reserves the right, at its discretion, to accept questions beyond that date, should unanticipated and significant issues arise. Immediate responses to questions are informal, and are not binding on the County. Questions and answers providing an official response to all pertinent questions will be posted online at: <http://www.lakecountycalifornia.gov/Business/WithCounty/RFP.htm>.
- 1.9 If a contractor discovers an ambiguity, discrepancy, conflict, omission or other error in the RFP, the contractor shall immediately notify the County, via email to the addresses in Section 1.8, of such error and request modification or clarification of the RFP. Modifications will be made by issuing an addendum to the RFP.

## **2.0 – Scope of Services**

- 2.1 The Contractor shall be required to perform audits and issue the required reports for the following:
  - 2.1.1 The County's basic financial statements as included in the CAFR, as well as the expression of an opinion on the combining and individual fund financial statements included in the CAFR in relation to the financial statements

taken as a whole. The funds included in the audit of the County's basic financial statements consist of the following:

- a. General Fund
- b. Special Revenue Funds
- c. Debt Service Funds
- d. Capital Projects Funds
- e. Permanent Fund
- f. Proprietary Funds
- g. Fiduciary Funds

2.1.2 The Contractor will be responsible for preparing the CAFR including all financial statements and footnotes. The Auditor-Controller will provide technical assistance as necessary.

2.1.3 The Contractor will be responsible for preparing a separate audit report for the Lake County Housing Commission.

2.1.4 The Contractor will be responsible to provide assistance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB 68) calculations and provide the County with completed workbooks of these calculations.

2.2 In conjunction with the County's audit of the basic financial statements, perform a Single Audit and issue reports on the County's federal award programs in accordance with the *OMB Compliance Supplement*. For the fiscal year ended June 30, 2020, the County had four major programs.

2.2.1 The Contractor shall complete all electronic and online tasks required for proper submission of the County's Single Audit.

2.3 To meet the requirements of this RFP, the audits shall be performed in accordance with applicable standards, which include the following—generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants; standards applicable to financial audits contained on *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).

2.4 In addition to the requirements above, the County also requires the preparation of a management letter for each audit, if applicable, in accordance with Statement on Auditing Standards (SAS) No. 114, *The Auditor's Communication with Those Charged with Governance*.

### **3.0 – Reports Required**

3.1 Independent auditor's report on the County's basic financial statements, including an "in-relation-to" opinion on the combining and individual fund financial statements and schedules, that are presented as part of the County's CAFR.

- 3.2 As part of the Single Audit requirements, the following reports will be required:
  - 3.2.1 Independent auditor's 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*.
  - 3.2.2 Independent auditor's report on compliance for each major federal program, report on internal control over compliance, and report on the schedule of expenditures of federal awards required by the Uniform Guidance.
- 3.3 Independent auditor's report for the County and Housing Programs.
- 3.4 Management letter prepared in accordance with SAS No. 114, which is to include any findings and recommendations regarding internal controls, including reportable conditions or material weaknesses.

#### **4.0 – Other Requirements**

- 4.1 The County intends to submit its CAFR to the Government Finance Officers Association of the United States and Canada (GFOA) for review and consideration for its Certificate of Achievement for Excellence in Financial Reporting (Certificate) program. The Contractor shall provide the assistance necessary to the County in order to meet the requirements of that program. The County has applied and received the Certificate for 13 of the last 14 years.
- 4.2 The Contractor shall provide, at no additional compensation from the County, such additional report schedules, exhibits or other information to any completed and filed audit report as may be required by a cognizant agency, grantor or administrative agency upon review of the Single Audit report.
- 4.3 All working papers and reports must be retained, at the Contractor's expense, for a minimum period of five years, unless the Contractor is notified in writing by the County of the need to extend the retention period. The Contractor shall make working papers available, upon request, to the following parties or their designees during the retention period:
  - 4.3.1 Lake County Audit Committee.
  - 4.3.2 Lake County Administrator and/or Auditor-Controller
  - 4.3.3 U.S. Government Accountability Office (GAO)
  - 4.3.4 Parties designated by federal or state agencies or by the County as part of an audit quality review process
  - 4.3.5 Auditor of agencies of which the County is a subrecipient of grant funds
- 4.4 Contractor shall respond to the reasonable inquiries of successor Contractor and allow successor Contractor to review working papers in accordance with SAS No. 84, *Communication Between Predecessor and Successor Auditors*.
- 4.5 The Contractor shall be an independent Contractor and must be licensed to practice by the State of California as a CPA.

- 4.6 The Contractor shall have no conflict of interest with regard to any other work performed by the firm on behalf of the County.
- 4.7 During the term of the proposed agreement, the Auditor-Controller may request that the Contractor perform additional audits or special reviews, not identified above. These may be added to the scope of work set forth in this RFP, by written addendum to the resulting contract, and result in additional compensation. Any such additional work agreed to between the County and the Contractor shall be performed at the same rates as set forth in the schedule of fees included in the proposal. However, the Auditor-Controller reserves the right to contract such additional audits to a firm other than the one selected by this RFP.
- 4.8 Contractor shall be required to attend all scheduled meetings regarding the services to be performed under this RFP, with the County's audit committee, as requested. The County's audit committee includes the Chair of the Board of Supervisors, Auditor-Controller, County Administrative Officer, two members of the Grand Jury and one local member of the public.
- 4.9 Contractor shall be required to provide regular status reports to the Auditor-Controller during the audit fieldwork period, summarizing the results and progress of the audit. Any significant audit findings and/or delays in obtaining information that require management attention or recommendations for immediate corrective action by departments, shall be communicated by the Contractor upon discovery.
- 4.10 If conditions are discovered which lead to the belief that material errors, fraud, or abuse may have occurred, or if any other circumstances are encountered that require extended services, the contractor shall promptly advise the Auditor-Controller. No extended services shall be performed unless authorized in a contractual agreement or in an amendment to the agreement entered in to subsequent to this RFP.

## **5.0 – County Support and Assistance**

- 5.1 Preliminary to, and throughout the engagement, the County proposes to make available support personnel to provide assistance for tasks such as identifying locations of required records and supporting information, providing client prepared supporting schedules, preparing confirmations and such other tasks that will serve to expedite the conduct of the audit as deemed reasonable and necessary by the County.
- 5.2 The Auditor-Controller will oversee the preparation of the financial statements and related footnotes for the CAFR. Auditor-Controller will also provide the Contractor with adjusted trial balances from the County's financial accounting system.
- 5.3 The Contractor, with cooperation from the Auditor-Controller and County departments, will prepare and provide a draft of the schedule of expenditures of federal awards in connection with the Single Audit.

- 5.4 The County will provide reasonable office space, desks, tables, chairs, phones and access to fax and copy machines while the Contractor is performing any onsite services under this RFP.
- 5.5 The Auditor-Controller will coordinate with the Contractor to provide reasonable and necessary access to the County's financial accounting system while the Contractor is conducting fieldwork.
- 5.6 The Auditor-Controller will provide the census and actuarial reports for the completion of GASB 68 calculations.

## **6.0 – Proposal Requirements**

To be considered for an award, the proposal submitted must specifically address all of the following items:

- 6.1 A cover letter, which shall be signed by an authorized employee or officer of the firm, which briefly summarizes the proposal. Additionally, the Contractor must state in the cover letter the Contractor's proposal shall be in accordance with all terms, conditions and requirements contained in this RFP, and that the proposal shall remain valid for a period of up to ninety (90) days following the date of receipt of the proposal. The cover letter shall also provide the name, phone and fax numbers and email address for the primary contact during the RFP process. The cover letter should not exceed two (2) pages in length. The County reserves the right to make an award without further discussion of the proposal with the Contractor. Therefore, the proposal should be submitted initially on the most favorable terms that the Contractor might propose. As such, proposals that are signed:
  - 6.1.1 For a partnership, shall be signed in the firm name by a partner or the Attorney-In-Fact. If signed by the Attorney-In-Fact, there shall be attached to the proposal a Power-of-Attorney evidencing authority to sign proposals, dated the same date as the proposal and executed by all partners of the firm.
  - 6.1.2 For a corporation, shall have the correct corporate name thereon and the actual signature of the authorized officer of the corporation written (not typed) below the corporate name. The title of the office held by the person signing for the corporation shall appear below the signature of the officer.
  - 6.1.3 By an individual doing business under a firm name, shall be signed in the name of the individual doing business under the proper firm name and style.
- 6.2 A comprehensive table of contents of material included in the proposal. This index must include a clear definition of the material and be identified by sequential page numbers.
- 6.3 A statement of whether the firm is local, national or international. Any general information about the firm should be limited to one page in this section of your firm's proposal.



- 6.4 The location of the office from which the majority of the work shall be completed, and the number of partners, directors, managers, supervisors, seniors and other professional staff employed at that office.
- 6.5 Identification of the personnel proposed to be assigned to work on the audit, including staff from other than the office indicated above. If they are planned for work on the audit, indicate the name and position (partner, supervisor, etc.), and the minimum percentage of time that each individual is expected to work on the audit. Resumes for each person expected to be assigned to the audit must be included. (Include resumes as an appendix.)
- 6.6 Description of the firm's computer capability, including the background(s) of personnel skilled in use of accounting software proposed for the audits.
- 6.7 Provide references, including contact names and telephone numbers, and descriptions of recent local and regional office auditing experience similar to the type of services requested. Client officials responsible for the audits listed may be contacted for reference. Specifically include other county audits, and/or other local government audits.
- 6.8 Provide the names of the person(s) who shall be authorized to make representations on behalf of the Contractor, their title(s), address(es), and telephone numbers(s).
- 6.9 A statement regarding the education and training program provided to, or required of, the staff identified for participation in the audit, particularly with reference to governmental accounting and auditing, governmental practices and procedures, and governmental affairs.
- 6.10 If the Contractor is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium must be separately identified, and the firm that is proposed to serve as the principal should be noted.
- 6.11 Describe the results of the firm's most recent peer review. A copy of the peer review report must be attached as part of the proposal.
- 6.12 Clearly describe the scope of method of services proposed to be provided; including all requirements set forth in the Section 2.0 of this RFP, and the Contractor's audit.
- 6.13 State the classification of staff to be assigned to each engagement, as identified in Section 2.0, including each classifications rate per hour and the estimated hours to be incurred for each engagement by staff classification.
- 6.14 State the total not to exceed cost proposal, and estimated total hours for which the work outlined in Section 2.0 shall be provided for each of the three fiscal years of the contract.

The fee should be broken down as follows:

Comprehensive Annual Financial Report  
Lake County Housing Commission Audit  
Federal Financial Assistance Single Audit  
GASB 68 Calculations

- 6.15 State the maximum percentage(s) by which the total not to exceed cost, per Section 6.14 above, will increase over each of the additional years beyond the third year of the contract(s), should the contract(s) be extended for additional years.

## **7.0 – Submission of Proposals**

- 7.1 One (1) original and one emailed copy of the proposal shall be received not later than the time and date indicated on the cover page of this RFP. Proposals must be submitted to the Auditor-Controller, 255 N Forbes St. Lakeport CA 95453 and auditor@lakecountyca.gov.
- 7.2 Late proposals shall not be accepted or considered; there shall be no mitigating circumstances. The County shall not be responsible for proposals delivered to a person or location other than that specified in this RFP.
- 7.3 All proposals shall be submitted in a sealed envelope or container, and clearly marked with the RFP title “Examination of Annual Financial Statements”.
- 7.4 All proposals, whether selected or rejected, shall become the property of the County.
- 7.5 All costs associated with proposal preparation shall be borne by the Contractors.
- 7.6 In any request or decision involving a proposal mistake, correction or withdrawal, the Auditor-Controller will consult with County Counsel. Except as otherwise specified in Section 5100 of the Public Contract Code, correction or withdrawal of inadvertently erroneous proposals before or after proposal opening may be permitted only if such correction or withdrawal is not prejudicial to the interest of the County or fair competition.
- 7.7 Mistakes in proposals detected prior to proposal opening may be corrected or withdrawn by the Contractor with a written request received by the Auditor-Controller prior to the date and time designated for opening of proposals. The written request must be signed by the same person who signed the original proposal, and shall be sealed, time-stamped and deposited in the same manner as the original proposal. Oral, faxed, emailed or telegraphic corrections or withdrawals shall not be permitted.

## **8.0 – Selection Process**

- 8.1 The Auditor-Controller will review all proposals received and make determinations relative to timeliness, signatures or other submission related issues of the proposal(s). A non-responsive submittal shall be eliminated from

further consideration and cannot be recommended for an award of a contract. Upon completion of the review, the County audit committee and/or other qualified individuals will screen all responsive proposals.

- 8.2 A reasonable number of firms with the most highly qualified proposals may be invited for interviews and further consideration. The proposed project manager shall represent the firm during the interview process.
- 8.3 The audit committee will prepare evaluations based upon the evaluation criteria contained in Section 9.0 of this RFP, and the top ranked firm will be recommended for award to the County Board of Supervisors. County staff will negotiate a contract for presentation to the Board of Supervisors.
- 8.4 The County reserves the right to award a contract to the firm that presents the proposal, which, in the sole judgment of the County, is determined to be the most advantageous offer based on cost and other criteria as indicated by the evaluation impact points below.

## **9.0 – Evaluation Criteria**

- 9.1 Proposers will be evaluated using the following criteria:

### Evaluation Criteria

Prior auditing experience, subcriteria are:

- a. County and local government audits
- b. Single Audit experience

Organization size, structure and resources of firm.

Qualifications of staff to be assigned to audit. Education, position in the firm and years and type of experience will be considered. Qualifications will be based on resumes/ proposals submitted and interview(s), if applicable.

Project approach and plan of work to be performed. This shall be determined by the approach to the audit and the time estimates to perform each section as set forth in the proposal and interview (if any). Subcriteria points are:

- a. Audit coverage and approach, for example, time allowed for field work, and composition and qualifications of engagement team.
- b. Realistic time estimate for proposed audit

Cost Proposal, including maximum increase for subsequent years for maximum potential cost to County.

- 9.2 Pursuant to existing County policy, a five percent (5%) preference, but not cumulatively greater than \$5,000, will be permitted to firms who reside within the County and respond to this RFP. Five percent, up to a cumulative amount of \$5,000 for the entire cost, will be subtracted from the submitting firm's price for evaluation purposes only.

## 10.0 – Proposal Review and Contract Award Timeline

### Timeline for Proposal Review and Contract Award

March 8, 2021	RFP issued
March 19, 2021	Last day for RFP questions submitted to County
April 2, 2021	Proposals due Lake County Auditor-Controller
April 5-9, 2021	Initial RFP Evaluation Meeting
April 12-13, 2021	Interviews of top firms, if required, and Audit Committee review of proposals
April, May 2021	Recommendation of award and contract to Board of Supervisors
June, 2021	Interim fieldwork for 19/20 audit

## 11.0 – Billing of Fees

- 11.1 Compensation for all services performed by the Contractor will be paid upon review and approval of invoices received from the Contractor by the Auditor-Controller. Invoices must be substantiated with detailed itemization related to the specific project being billed (as identified in Section 2.0 of the RFP). The compensation schedule, paid upon receipt of proper invoices, shall be:

Completion of interim fieldwork – 30% of the total annual cost.

Completion of fieldwork – 30% of the total annual cost.

Final audit reports – 30% of the total annual cost.

Acceptance of audits by the County Audit Committee, Chair – 10% remaining balance.

## 12.0 – Audit Schedule

- 12.1 Unless modified by mutual agreement between the Contractor and Auditor-Controller, the audit schedule shall be as follows:

Fieldwork – September

Draft report (all reports) – November 1<sup>st</sup>

Final CAFR report – December 15<sup>th</sup>

Final Housing Audit and Single Audit reports – December 31<sup>st</sup>

Electronic filing of Single Audit and Housing Audit reports to cognizant agencies by due date specified.

- 12.2 The Contractor must provide annual entrance conferences, progress reporting and exit conferences. Scheduled meetings will be determined after the awarding of the contract. Entrance Conferences:

12.2.1 Entrance conference with Auditor-Controller and/or County Administrator, if requested

12.2.2 The purpose of entrance conferences shall be to discuss prior audit problems and the interim work to be performed. This meeting will also

be used to establish overall liaison for the audit and to make arrangements for workspace and other needs of the Contractor.

### 13.0 – Reporting Deadlines

The timetable for various reports, and the specific number of copies of reports required, shall be as indicated below. Subsequent years' timetables shall be developed pursuant to this general timetable. All reports shall be printed on 20 lb 8 ½" x 11" standard color paper, or folded to match that size, and shall be securely bound in a professional manner.

<u>Deliverable</u>	<u># of Bound Reports</u>	<u>Due Date</u>
Electronic Copy (w/TOC links)		December 15, 2021
CAFR	10	December 31, 2021
Single Audit Report	10	December 31, 2021
Housing Audit Report	5	December 31, 2021

### 14.0 – Other Information

- 14.1 A sample contract is included as Exhibit A. The contractor shall be required to execute the contract upon selection and awarding of the contract to the successful bidder and final negotiation of contract terms.
- 14.2 Minimum hold harmless, insurance and indemnification requirements for the proposed contract are included in the contract. The contractor shall be required to maintain, and submit proof of, the levels of insurance indicated.
- 14.4 Proposers warrant and covenant that no official or employee of the County, nor any business entity in which an official of the County has an interest, has been employed or retained to solicit or aid in the procuring of the resulting contract, nor that any such person will be employed in the performance of such contract without immediate divulgence of such fact to the County. The County's Purchasing Policy Manual sets forth policies establishing ethical standards for purchasing activities.
- 14.5 Inquiries regarding the RFP process or proposal submission shall be submitted initially via email to the following address:

marcy.harrison@lakecountyca.gov

If discussion is required, Auditor-Controller Cathy Saderlund will telephone to discuss or return email with contact instructions. Within the time limits set in Section 12, substantial inquiries and answers will be included in official addenda.

## EXHIBIT A

### SAMPLE CONTRACT

#### Addendum A [Title of] AGREEMENT

THIS AGREEMENT, is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 21\_\_ by and between the County of Lake, hereinafter "COUNTY" and \_\_\_\_\_, hereinafter "CONTRACTOR".

#### RECITALS

WHEREAS, COUNTY is in need of professional \_\_\_\_\_ services; and WHEREAS, CONTRACTOR is a licensed \_\_\_\_\_ in the State of California and is qualified and willing to provide said services.

NOW, THEREFORE, based on the foregoing recitals, the parties hereto agree as follows:

#### I.

#### CONTRACTOR'S RESPONSIBILITIES

Enumerate those duties the Contractor is required to perform and the time within which the Contractor must perform them.

#### II.

#### COUNTY'S RESPONSIBILITIES

The County's responsibilities will include the payment for the Contractor's services and the time period within which payment must be made. Additionally, the County may agree to provide certain information, documents, work space, and/or materials.

#### III.

#### TERM

This Agreement shall continue in full force and effect until terminated as hereinafter provided

OR

This Agreement shall commence on the date hereinabove entered into and shall terminate on \_\_\_\_\_, unless earlier terminated as hereinafter provided

OR

This Agreement shall commence on \_\_\_\_\_ and shall terminate on \_\_\_\_\_, unless earlier terminated as hereinafter provided.

#### IV.

#### DUE PERFORMANCE - DEFAULT

Each party to this Agreement undertakes the obligation that the other's expectation of receiving the performance due under the terms of this Agreement will not be impaired. Upon the occurrence of any default of the provisions of this Agreement, a party shall give written notice of said default to the party in default. If the party in default does not cure the default within \_\_\_\_ days of the date of that notice (i.e. the time to cure) then such party shall be in default. The time to cure

may be extended at the discretion of the party giving notice. Any extension of time to cure shall be in writing executed by both parties and must specify the reason(s) for the extension and the date the extension of time to cure expires.

Notice given under this provision shall specify the alleged default and the applicable Agreement provision and shall demand that the party in default perform the provisions of this Agreement within the applicable time period. No such notice shall be deemed a termination of this Agreement, unless the party giving notice so elects in that notice, or so elects in a subsequent written notice after the time to cure has expired.

## **V. TERMINATION**

This Agreement may be terminated as follows:

- A. By mutual written consent of the parties; or
- B. By County upon \_\_\_\_\_ days written notice to Contractor.

Upon termination prior to the full and satisfactory completion of Contractor's performance under this Agreement, County shall not be liable to pay Contractor the total compensation set forth in provision II of this Agreement, but Contractor 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 Contractor covered by this Agreement.

## **VI. INSURANCE**

Contractor shall not commence work under this Agreement until he has obtained all the insurance required herein, certificates of insurance have been submitted to County, and said insurance has been approved by County. The certificates of insurance shall contain a provision that coverage afforded under the policies will not be cancelled until at least twenty (20) days prior written notice has been given to County.

Contractor shall not allow any subcontractor to commence work on his subcontract until the insurance required of the subcontractor has been obtained.

Any failure of Contractor to maintain the insurance required by this provision, or to comply with any of the requirements of this provision, shall constitute a material breach of the entire Agreement.

Certificates evidencing the issuance of the following insurance shall be filed with County within ten (10) days after the date of execution of this Agreement by Contractor and prior to commencement of work hereunder.

- A. **Compensation Insurance.** Contractor shall procure and maintain, at Contractor's own expense during the term hereof, Workers' Compensation Insurance and Employer's Liability Insurance as required by the State of California, for all employees to be engaged in work. In any case of such work sublet, Contractor shall require subcontractor similarly to provide Employer's Liability Insurance and Workers' Compensation Insurance for all of the latter's employees to be engaged in such work, unless such employees are covered by the protection afforded by Contractor's Workers' Compensation Insurance and Employer's Liability Insurance. Employer's Liability

Insurance shall be in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence.

- B. **Commercial General Liability.** Contractor shall procure and maintain, at Contractor's own expense during the term hereof, upon himself and his employees at all times during the course of this Agreement, Commercial General Liability Insurance (Occurrence Form CG 0001) for bodily injury, personal injury, and broad form property damage, in an amount of not less than One Million dollars (\$1,000,000.00) combined single limit coverage per occurrence, including but not limited to endorsements for the following coverages: Personal and advertising injury, Premises-operations, Products and completed operations, Blanket contractual, and Independent contractor's liability.
- C. **.Automobile Liability Insurance.** Contractor shall procure and maintain, at Contractor'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 Contractor's business in an amount not less than One Million Dollars (\$1,000,000.00) combined single limit coverage per occurrence.
- D. **Professional Liability Insurance.** Contractor shall procure and maintain, at Contractor'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 Contractor, its employees, subcontractors, and agents are liable. Said insurance shall be written with limits of not less than One Million Dollars (\$1,000,000.00). If said insurance is written on a claims made form, insurance shall be maintained and evidence of insurance must be provided for at least one (1) year after completion of the work under this Agreement.
- E. **Subcontractors.** Contractor shall include all subcontractors as insured under the aforesaid policies or shall furnish separate certificates and endorsements to the County for each subcontractor which shall be subject to review and approval by County. All insurance coverages for subcontractors shall be subject to each of the requirements hereinabove and contain the additional insured endorsements required of Contractor described with particularity hereinbelow.
- F. **Additional Insured Endorsement.** The Commercial General Liability and Automobile Liability Insurance must each contain, or be endorsed to contain, the following provision: The County, its officers, officials, employees, agents, and volunteers are to be covered as additional insureds and shall be added in the form of an endorsement to Contractor's insurance on Form CG 20 10 11 85 or equivalent. Contractor shall not commence work under this Agreement until he has had delivered to County the Additional Insured Endorsements required herein.

Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under subdivision (b) of California Civil Code Section 2782.

- G. **Other Insurance Provisions.** For any claims related to the work performed under this Agreement, the Contractor's insurance coverage shall be primary insurance as to the County, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by County, its officers, officials, employees, agents or volunteers shall be in excess of the Contractor's insurance and shall not contribute with it.



Any deductibles or self-insured retentions must be declared to and approved by County. At the option of County, either Contractor shall reduce or eliminate such deductibles or self-insurance retentions or Contractor shall provide a financial guarantee satisfactory to County guaranteeing payment of losses and related investigations, claim administration, and defense and defense-related expenses.

Insurance coverage required of Contractor under this Agreement shall be placed with insurers with a current A.M. Best rating of no less than A:VII.

Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve the Contractor for liability in excess of such coverage, nor shall it preclude County from taking other action as is available to it under any other provision of this Agreement or applicable law. Failure of County to enforce in a timely manner any of the provisions of this section shall not act as a waiver to enforcement of any of these provisions at a later date.

If any insurance coverage required by this Agreement is provided on a Claims Made, rather than occurrence form, Contractor agrees to maintain required coverage for a period of three years after the expiration of this Agreement (hereinafter, Post Agreement Coverage) and any extensions thereof. Contractor may maintain the required Post Agreement Coverage by renewal or purchase of prior acts or tail coverage. This subprovision is contingent upon Post Agreement Coverage being both available and reasonably affordable in relation to the coverage provided during the term of this Agreement. For purposes of interpreting this requirement, a cost not exceeding 100% of the last annual policy premium during the term of this Agreement in order to purchase prior acts or tail coverage for Post Agreement Coverage shall be deemed to be reasonable.

Contractor agrees to waive all rights of subrogation against County, its officers, officials, employees, agents, and volunteers for losses arising from work performed by Contractor under this Agreement.

## **VII.**

### **INDEMNIFICATION - HOLD HARMLESS**

[Select one of the three following options]

[1]Contractor 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 attorney's fees and other costs of defense incurred by County, whether for damage to or loss of property, or injury to or death of person, including properties of County and injury to or death of County officials, employees or agents, arising out of, or connected with Contractor's operations hereunder or the performance of the work described herein, unless such damages, loss, injury or death is caused solely by the negligence of County. **OR**

[2]Contractor shall indemnify and hold harmless County from any and all claims, demands, actions, liability or loss which may arise from or be incurred as a result of the negligent performance of this Agreement by Contractor. **OR**

[3]Each party shall indemnify and hold the other harmless against all actions, claims, demands, and liabilities and against all losses, damage, cost, expenses, and attorney's fees, arising directly or indirectly out of an actual or alleged injury to a person or property in the same proportion that its own acts and/or omissions are attributed to said claim, demand, liability, loss, damage, cost, expenses, and/or attorney's fees. This provision shall not extend to any claim,

demand, liability, loss, damage, cost, expenses, and/or attorney's fees covered by the insurance of either party.

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Contractor's obligations under this Section shall survive the termination of the Agreement.

## **VIII.**

### **CONTRACTOR'S WARRANTIES**

Contractor hereby makes the following representations and warranties:

- A. **Standard of Care.** Contractor represents that it is specially trained, licensed, experienced, and competent to perform all the services, responsibilities, and duties specified herein and that such services, responsibilities, and duties shall be performed, whether by Contractor or designated subcontractors, in a manner according to generally accepted practices of the (ex. legal/medical/engineering) profession.
- B. **Non-Discrimination in Employment.** In the performance of the work authorized under this Agreement, Contractor 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.

Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religious creed, sex, sexual orientation, national origin, ancestry, physical disability, mental disability, medical condition, marital status, or age.

- C. **Adherence to Applicable Disability Law.** Contractor shall be responsible for knowing and adhering to the requirements of Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act, (42 U.S.C. Sections 12101, et seq.). California Government Code Sections 12920 et seq., and all related state and local laws.
- D. **HIPAA Compliance.** Contractor will adhere to Titles 9 and 22 and all other applicable Federal and State statutes and regulations, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and will make his best efforts to preserve data integrity and the confidentiality of protected health information.
- E. **Safety Responsibilities.** Contractor will adhere to all applicable CalOSHA requirements in performing work pursuant to this Agreement. Contractor agrees that in the performance of work under this Agreement, Contractor will provide for the safety needs of its employees and will be responsible for maintaining the standards necessary to minimize health and safety hazards.
- F. **Interest of Contractor.** Contractor hereby covenants that it has, at the time of the execution of this Agreement, no interest, direct or indirect, 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 under this Agreement. Contractor further covenants that in the performance of this work, no person having such interest shall be employed.

**IX.**  
**ASSIGNMENT**

Contractor shall not assign any interest in this Agreement and shall not transfer any interest in the same without the prior written consent of County, except that claims for money due or to become due the Contractor from County under this Agreement may be assigned by the Contractor to a bank, a 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.

**X.**  
**INDEPENDENT CONTRACTOR**

It is specifically understood and agreed that, in the making and performance of this Agreement, Contractor is an independent contractor and is not an employee, agent or servant of County. Contractor is not entitled to any employee benefits. County agrees that Contractor shall have the right to control the manner and means of accomplishing the result contracted for herein.

Contractor is solely responsible for the payment of all federal, state, and local taxes, charges, fees, or contributions required with respect to Contractor and Contractor's officers, employees, and agents who are engaged in the performance of this Agreement (including without limitation, unemployment insurance, social security, and payroll tax withholding).

**XI.**  
**MODIFICATION**

This Agreement may only be modified by a written amendment thereto, 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 Contractor and County executed by [Department Head].

**XII.**  
**ATTORNEY'S 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 attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.

**XIII.**  
**OWNERSHIP OF DOCUMENTS**

All non-proprietary reports, drawings, renderings, information, and/or other documents or materials prepared by and/or submitted to Contractor hereunder shall become the property of County. In the event of the termination of this Agreement for any reason whatsoever, Contractor shall promptly turn over all said reports, drawings, renderings, information, and/or other documents or materials to County without exception or reservation.

**XIV.**  
**RECORDS - AUDIT**

Contractor shall maintain on a current basis complete books and records relating to this Agreement. Such records shall include, but not be limited to, documents supporting all bids [if applicable], all income, and expenditures. These documents and records shall be retained by Contractor for at least five (5) years from the completion of this Agreement. Contractor will permit County to audit all books, accounts, and/or records relating to this Agreement and/or all accounts or records of any business entities controlled by Contractor who participated in this Agreement. An audit may be conducted on Contractor's premises, or at County's option, Contractor shall provide all books and records within a maximum of fifteen (15) days of Contractor's receipt of written notice to do so from the County. Contractor shall refund any moneys erroneously charged.

**XV.**  
**JURISDICTION AND VENUE**

This Agreement shall be construed in accordance with the laws of the State of California and the parties hereto agree that venue of any action or proceeding regarding this Agreement or performance thereof shall be in Lake County, California. Contractor waives any right of removal it might have under California Code of Civil Procedure Section 394.

**XVI.**  
**RESIDENCY**

All independent contractors providing services to County for compensation must file a State of California Form 590, certifying California residency or, in the case of a corporation, certifying that they have a permanent place of business in California.

**XVII.**  
**NO THIRD-PARTY BENEFICIARIES**

Nothing contained in this Agreement shall be construed to create, and the parties do not intend to create, any rights in or for the benefit of third parties.

**XVIII.**  
**SEVERABILITY**

If any provision of this Agreement is held to be unenforceable, the remainder of this Agreement shall be severable and not affected thereby.

**XIX.**  
**NON-APPROPRIATION**

In the event County is unable to obtain funding at the end of each fiscal year for \_\_\_\_\_ services required during the next fiscal year, County shall have the right to terminate this Agreement, without incurring any damages or penalties, and shall not be obligated to continue performance under this Agreement. To the extent any remedy in this Agreement may conflict with Article XVI of the California Constitution or any other debt limitation provision of California law applicable to County, Contractor hereby expressly and irrevocably waives its right to such remedy.

**XX.**  
**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 enclosed in a properly addressed envelope and deposited with the United States Post Office for delivery by registered or certified mail addressed to the parties at the following addresses, unless such addresses are changed by notice, in writing, to the other party.

County of Lake  
255 North Forbes Street  
Lakeport, California 95453  
Attn: \_\_\_\_\_  
Contractor  
[Address]

**XXI.**  
**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 and CONTRACTOR have executed this Agreement on the day and year first written above.

COUNTY OF LAKE

CONTRACTOR

\_\_\_\_\_  
Chair, Board of Supervisors

\_\_\_\_\_  
Taxpayer I.D. No. \_\_\_\_\_

ATTEST:     Johanna Peelen  
                 Clerk of the Board  
                 of Supervisors

APPROVED AS TO FORM:

ANITA GRANT  
County Counsel

By: \_\_\_\_\_

By: \_\_\_\_\_