

## AGREEMENT FOR SERVICES OF INDEPENDENT CONTRACTOR

**THIS AGREEMENT** (hereafter Agreement) is made by and between the County of Santa Barbara, a political subdivision of the State of California (hereafter COUNTY) and Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter Accountancy Corporation, having its principal place of business at 4200 Truxtun Avenue, Suite 300, Bakersfield, California 93309 (hereafter CONTRACTOR) wherein CONTRACTOR agrees to provide and COUNTY agrees to accept the services specified herein.

**WHEREAS**, COUNTY has the duty to examine and audit, or cause to be audited, the collection and disbursement of monies belonging to COUNTY, or money received or disbursed by them under authority of law, pursuant to the provisions of California Government Code Section 25250; and,

**WHEREAS**, COUNTY wishes to conduct an audit as provided for in Government Code Section 25250, including an audit of COUNTY's financial records and of the pertinent accounts prepared and published in a report required by Government Code Section 25253; and,

**WHEREAS**, COUNTY desires to have an audit of its Redevelopment Agency pursuant to Health and Safety Code Section 33080.1(a) and First Five County Children and Families Commission performed by an independent certified public accountant; and,

**WHEREAS**, COUNTY desires an independent certified public accountant to perform certain procedures to assist COUNTY in meeting the requirements of Article XIII B, Section 1.5 of the California Constitution; and,

**WHEREAS**, COUNTY desires to have a "Single Audit" performed by an independent public accountant in accordance with Federal Office of Management and Budget; and,

**NOW, THEREFORE**, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. **DESIGNATED REPRESENTATIVE.** The Auditor-Controller Division Chief for Financial Reporting at phone number (805) 568-2134 is the representative of COUNTY and will administer this Agreement for and on behalf of COUNTY. Burton H. Armstrong or Eric Xin, Principals at phone number (661) 324-4971 is the authorized representative for CONTRACTOR. Changes in designated representatives shall be made only after advance written notice to the other party.

2. **NOTICES.** Any notice or consent required or permitted to be given under this Agreement shall be given to the respective parties in writing, by first class mail with postage prepaid by, or otherwise delivered in a method agreed upon by the parties as follows:

To COUNTY:                      Financial Reporting Division Chief  
   Office of the Auditor-Controller  
   P.O. Box 39  
   Santa Barbara, CA 93102-0039

To CONTRACTOR:              Burton H. Armstrong, CPA, Principal, Brown Armstrong Paulden McCown  
   Starbuck Thornburg & Keeter Accountancy Corporation, 4200 Truxtun  
   Avenue, Suite 300, Bakersfield, California 93309

or at such other address or to such other person that the parties may from time to time designate in accordance with this Notices section. If sent by first class mail, notices and consents under this section shall be deemed to be received five (5) days following their deposit in the U.S. mail.

3. **SCOPE OF SERVICES.** CONTRACTOR agrees to provide services to COUNTY in accordance with EXHIBIT A attached hereto and incorporated herein by reference.

4. **TERM.** CONTRACTOR shall commence performance on February 16, 2010 and end performance upon completion, but no later than February 15, 2011 unless otherwise directed by COUNTY or unless earlier terminated, COUNTY shall have the option to renew this Agreement for CONTRACTOR to provide the same services at the same cost and terms for the fiscal year ending June 30, 2011, and COUNTY shall have an additional such option to renew this Agreement for the fiscal year ending June 30, 2012.

5. **COMPENSATION OF CONTRACTOR.** In full consideration for CONTRACTOR's services, CONTRACTOR shall be paid for performance under this Agreement in accordance with the terms of EXHIBIT B attached hereto and incorporated herein by reference. Billing shall be made by invoice, which shall include the contract number assigned by COUNTY and which is delivered to the address given in Section 2 **NOTICES.** above following completion of the increments identified on EXHIBIT B. Unless otherwise specified on EXHIBIT B, payment shall be net thirty (30) days from presentation of invoice.

6. **INDEPENDENT CONTRACTOR.** It is mutually understood and agreed that CONTRACTOR, (including any and all of its officers, agents, and employees), shall perform all of its services under this Agreement as an independent contractor as to COUNTY and not as an officer, agent, servant, employee, joint venturer, partner, or associate of COUNTY. Furthermore, COUNTY shall have no right to control, supervise, or direct the manner or method by which CONTRACTOR shall perform its work and function. However, COUNTY shall retain the right to administer this Agreement so as to verify that CONTRACTOR is performing its obligations in accordance with the terms and conditions hereof. CONTRACTOR understands and acknowledges that it shall not be entitled to any of the benefits of a COUNTY employee, including but not limited to vacation, sick leave, administrative leave, health insurance, disability insurance, retirement, unemployment insurance, workers' compensation and protection of tenure. CONTRACTOR shall be solely liable and responsible for providing to, or on behalf of, its employees all legally-required employee benefits. In addition, CONTRACTOR shall be solely responsible and save COUNTY harmless from all matters relating to payment of CONTRACTOR's employees, including compliance with Social Security withholding and all other regulations governing such matters. It is acknowledged that during the term of this Agreement, CONTRACTOR may be providing services to others unrelated to the COUNTY or to this Agreement.

7. **STANDARD OF PERFORMANCE.** CONTRACTOR represents that it has the skills, expertise, and licenses/permits necessary to perform the services required under this Agreement. Accordingly, CONTRACTOR shall perform all such services in the manner and according to the standards observed by a competent practitioner of the same profession in which CONTRACTOR is engaged. All products of whatsoever nature, which CONTRACTOR delivers to COUNTY pursuant to this Agreement, shall be prepared in a first class and workmanlike manner and shall conform to the standards of quality normally observed by a person practicing in CONTRACTOR's profession. CONTRACTOR shall correct or revise any errors or omissions, at COUNTY'S request without additional compensation. All required permits and/or licenses shall be obtained and maintained by CONTRACTOR without additional compensation.

8. **DEBARMENT AND SUSPENSION.** CONTRACTOR certifies to COUNTY that it and its employees and principals are not debarred, suspended, or otherwise excluded from or ineligible for, participation in federal, state or county government contracts. CONTRACTOR certifies that it shall not contract with a subcontractor that is so debarred or suspended.

9. **TAXES.** CONTRACTOR shall pay all taxes, levies, duties, and assessments of every nature due in connection with any work under this Agreement and shall make any and all payroll deductions required by law. COUNTY shall not be responsible for paying any taxes on CONTRACTOR's behalf, and should COUNTY be required to do so by state, federal, or local taxing agencies, CONTRACTOR agrees to promptly reimburse COUNTY for the full value of such paid taxes plus interest and penalty, if any. These taxes shall include, but not be limited to, the following: FICA (Social Security), unemployment insurance contributions, income tax, disability insurance, and workers' compensation insurance.

10. **CONFLICT OF INTEREST.** CONTRACTOR covenants that CONTRACTOR presently has no employment or interest and shall not acquire any employment or interest, direct or indirect, including any interest in any business, property, or source of income, 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 Agreement, no person having any such interest shall be employed by CONTRACTOR. COUNTY retains the right to waive a conflict of interest disclosed by CONTRACTOR if COUNTY determines it to be immaterial, and such waiver is only effective if provided by COUNTY to CONTRACTOR in writing.

11. **OWNERSHIP OF DOCUMENTS AND INTELLECTUAL PROPERTY.** COUNTY shall be the owner of the following items incidental to this Agreement upon production, whether or not completed: all data collected, all documents of any type whatsoever, all photos, designs, sound or audiovisual recordings, software code, inventions, technologies, and other materials, and any material necessary for the practical use of such items, from the time of collection and/or production whether or not performance under this Agreement is completed or terminated prior to completion. CONTRACTOR shall not release any of such items to other parties except after prior written approval of COUNTY. Unless otherwise specified in Exhibit A, CONTRACTOR hereby assigns to COUNTY all copyright, patent, and other intellectual property and proprietary rights to all data, documents, reports, photos, designs, sound or audiovisual recordings, software code, inventions, technologies, and other materials prepared or provided by CONTRACTOR pursuant to this Agreement (collectively referred to herein as "Copyrightable Works and Inventions"). COUNTY shall have the unrestricted authority to copy, adapt, perform, display, publish, disclose, distribute, create derivative works from, and otherwise use in whole or in part, any Copyrightable Works and Inventions. CONTRACTOR agrees to take such actions and execute and deliver such documents as may be needed to validate, protect and confirm the rights and assignments provided hereunder. CONTRACTOR warrants that any Copyrightable Works and Inventions and other items provided under this Agreement will not infringe upon any intellectual property or proprietary rights of any third party. CONTRACTOR at its own expense shall defend, indemnify, and hold harmless COUNTY against any claim that any Copyrightable Works or Inventions or other items provided by CONTRACTOR hereunder infringe upon any intellectual property or other proprietary rights of a third party, and CONTRACTOR shall pay any damages, costs, settlement amounts, and fees (including attorneys' fees) that may be incurred by COUNTY in connection with any such claims. This Ownership of Documents and Intellectual Property provision shall survive expiration or termination of the Agreement.

12. **NO PUBLICITY OR ENDORSEMENT.** CONTRACTOR shall not use COUNTY's name or logo or any variation of such name or logo in any publicity, advertising or promotional materials. CONTRACTOR shall not use COUNTY's name or logo in any manner that would give the appearance that the COUNTY is endorsing CONTRACTOR. CONTRACTOR shall not in any way contract on behalf of or in the name of COUNTY. CONTRACTOR shall not release any informational pamphlets, notices, press releases, research reports, or similar public notices concerning the COUNTY or its projects without obtaining the prior written approval of COUNTY.

13. **COUNTY PROPERTY AND INFORMATION.** All of COUNTY's property, documents, and information provided for CONTRACTOR's use in connection with the services shall remain COUNTY's property, and CONTRACTOR shall return any such items whenever requested by COUNTY and whenever required according to the Termination section of this Agreement. CONTRACTOR may

use such items only in connection with providing the services. CONTRACTOR shall not disseminate any COUNTY property, documents, or information without COUNTY's prior written consent.

14. **RECORDS, AUDIT, AND REVIEW.** CONTRACTOR shall keep such business records pursuant to this Agreement as would be kept by a reasonably prudent practitioner of CONTRACTOR's profession and shall maintain such records for at least four (4) years following the termination of this Agreement. All accounting records shall be kept in accordance with generally accepted accounting practices. COUNTY shall have the right to audit and review all such documents and records at any time during CONTRACTOR's regular business hours or upon reasonable notice. In addition, if this Agreement exceeds ten thousand dollars (\$10,000.00) CONTRACTOR shall be subject to the examination and audit of the State Auditor General for a period of three (3) years after final payment under the Agreement (Cal. Govt. Code Section 8546.7). CONTRACTOR shall participate in any audits and review, whether by COUNTY or the State, at no charge to COUNTY.

15. **INDEMNIFICATION AND INSURANCE.** CONTRACTOR agrees to defend, indemnify and save harmless the COUNTY and to procure and maintain insurance in accordance with the provisions of EXHIBIT C attached hereto and incorporated herein by reference.

16. **NONDISCRIMINATION.** COUNTY hereby notifies CONTRACTOR that COUNTY's Unlawful Discrimination Ordinance (Article XIII of Chapter 2 of the Santa Barbara County Code) applies to this Agreement and is incorporated herein by this reference with the same force and effect as if the ordinance were specifically set out herein and CONTRACTOR agrees to comply with said ordinance.

17. **NONEXCLUSIVE AGREEMENT.** CONTRACTOR understands that this is not an exclusive Agreement and that COUNTY shall have the right to negotiate with and enter into contracts with others providing the same or similar services as those provided by CONTRACTOR as the COUNTY desires.

18. **NON-ASSIGNMENT.** CONTRACTOR shall not assign, subcontract or transfer this Agreement or any of its rights or obligations under this Agreement without the prior written consent of COUNTY and any attempt to so assign, so subcontract, or transfer without such consent shall be void and without legal effect and shall constitute grounds for termination.

19. **TERMINATION.**

A. **By COUNTY.** COUNTY may, by written notice to CONTRACTOR, terminate this Agreement in whole or in part, whether for COUNTY's convenience, for nonappropriation of funds, or because of the failure of CONTRACTOR to fulfill the obligations herein.

1. For Convenience. COUNTY may terminate this Agreement in whole or in part upon thirty (30) days written notice. During the thirty (30) day period, CONTRACTOR shall, as directed by COUNTY, wind down and cease its services as quickly and efficiently as reasonably possible, without performing unnecessary services or activities and by minimizing negative effects on COUNTY from such winding down and cessation of services.

2. For Nonappropriation of Funds. Notwithstanding any other provision of this Agreement, in the event that no funds or insufficient funds are appropriated or budgeted by federal, state or COUNTY governments, or funds are not otherwise available for payments in the fiscal year(s) covered by the term of this Agreement, then COUNTY will notify CONTRACTOR of such occurrence and COUNTY may terminate or suspend this Agreement in whole or in part, with or without a prior notice period. Subsequent to termination of this Agreement under this provision, COUNTY shall have no obligation to make payments with regard to the remainder of the term.

3. For Cause. Should CONTRACTOR default in the performance of this Agreement or materially breach any of its provisions, COUNTY may, at COUNTY's sole option, terminate or suspend this Agreement in whole or in part by written notice. Upon receipt of notice, CONTRACTOR shall immediately discontinue all services affected (unless the notice directs otherwise) and notify COUNTY as to the status of its performance. The date of termination shall be the date the notice is received by CONTRACTOR, unless the notice directs otherwise.

B. By CONTRACTOR. Should COUNTY fail to pay CONTRACTOR all or any part of the payment set forth in EXHIBIT B, CONTRACTOR may, at CONTRACTOR's option terminate this Agreement if such failure is not remedied by COUNTY within thirty (30) days of written notice to COUNTY of such late payment.

C. Upon termination, CONTRACTOR shall deliver to COUNTY all data, estimates, graphs, summaries, reports, and all other property, records, documents or papers as may have been accumulated or produced by CONTRACTOR in performing this Agreement, whether completed or in process, except such items as COUNTY may, by written permission, permit CONTRACTOR to retain. Notwithstanding any other payment provision of this Agreement, COUNTY shall pay CONTRACTOR for satisfactory services performed to the date of termination to include a prorated amount of compensation due hereunder less payments, if any, previously made. In no event shall CONTRACTOR be paid an amount in excess of the full price under this Agreement nor for profit on unperformed portions of service. CONTRACTOR shall furnish to COUNTY such financial information as in the judgment of COUNTY is necessary to determine the reasonable value of the services rendered by CONTRACTOR. In the event of a dispute as to the reasonable value of the services rendered by CONTRACTOR, the decision of COUNTY shall be final. The foregoing is cumulative and shall not affect any right or remedy which COUNTY may have in law or equity.

20. SECTION HEADINGS. The headings of the several sections, and any Table of Contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof.

21. SEVERABILITY. If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

22. REMEDIES NOT EXCLUSIVE. No remedy herein conferred upon or reserved to COUNTY is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

23. TIME IS OF THE ESSENCE. Time is of the essence in this Agreement and each covenant and term is a condition herein.

24. NO WAIVER OF DEFAULT. No delay or omission of COUNTY to exercise any right or power arising upon the occurrence of any event of default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Agreement to COUNTY shall be exercised from time to time and as often as may be deemed expedient in the sole discretion of COUNTY.

25. ENTIRE AGREEMENT AND AMENDMENT. In conjunction with the matters considered herein, this Agreement contains the entire understanding and agreement of the parties and there have been no promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature hereafter binding except as set forth herein. This Agreement may

be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, canceled, superseded, or changed by any oral agreements, course of conduct, waiver or estoppel.

26. **SUCCESSORS AND ASSIGNS.** All representations, covenants and warranties set forth in this Agreement, by or on behalf of, or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.

27. **COMPLIANCE WITH LAW.** CONTRACTOR shall, at its sole cost and expense, comply with all County, State and Federal ordinances and statutes now in force or which may hereafter be in force with regard to this Agreement. The judgment of any court of competent jurisdiction, or the admission of CONTRACTOR in any action or proceeding against CONTRACTOR, whether COUNTY is a party thereto or not, that CONTRACTOR has violated any such ordinance or statute, shall be conclusive of that fact as between CONTRACTOR and COUNTY.

28. **CALIFORNIA LAW AND JURISDICTION.** This Agreement shall be governed by the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of Santa Barbara, if in state court, or in the federal district court nearest to Santa Barbara County, if in federal court.

29. **EXECUTION OF COUNTERPARTS.** This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

30. **AUTHORITY.** All signatories and parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement in the names, titles and capacities herein stated and on behalf of any entities, persons, or firms represented or purported to be represented by such entity(ies), person(s), or firm(s) and that all formal requirements necessary or required by any state and/or federal law in order to enter into this Agreement have been fully complied with. Furthermore, by entering into this Agreement, CONTRACTOR hereby warrants that it shall not have breached the terms or conditions of any other contract or agreement to which CONTRACTOR is obligated, which breach would have a material effect hereon.

31. **SURVIVAL.** All provisions of this Agreement which by their nature are intended to survive the termination or expiration of this Agreement shall survive such termination or expiration.

32. **PRECEDENCE.** In the event of conflict between the provisions contained in the numbered sections of this Agreement and the provisions contained in the Exhibits, the provisions of the Exhibits shall prevail over those in the numbered sections.

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Agreement for Services of Independent Contractor between the **County of Santa Barbara** and Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter Accountancy Corporation.

**IN WITNESS WHEREOF**, the parties have executed this Agreement to be effective on the date executed by COUNTY.

COUNTY OF SANTA BARBARA

By: \_\_\_\_\_  
Chair, Board of Supervisors

Date: \_\_\_\_\_

ATTEST:  
MICHAEL F. BROWN  
CLERK OF THE BOARD

CONTRACTOR

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

By: \_\_\_\_\_  
(Authorized Signature)  
TaxID Number: \_\_\_\_\_

APPROVED AS TO FORM:  
DENNIS A. MARSHALL  
COUNTY COUNSEL

APPROVED AS TO ACCOUNTING FORM:  
ROBERT W. GEIS, CPA  
AUDITOR-CONTROLLER

By: \_\_\_\_\_  
Deputy County Counsel

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

APPROVED AS TO FORM:  
RAY AROMATORIO,  
RISK PROGRAM ADMINISTRATOR

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

## EXHIBIT A

### STATEMENT OF WORK

- A. CONTRACTOR shall perform an audit of COUNTY's financial statements as of June 30, 2010 and for the fiscal year then ending, in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards (1994), the provisions of the Single Audit Act and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments. Specifically:
- (1) COUNTY shall compile and prepare the Letter of Transmittal, Management's Discussion and Analysis, the basic financial statements, and the Statistical Section for the County's Comprehensive Annual Financial Report.
  - (2) CONTRACTOR's audit shall include all funds included in COUNTY's June 30, 2009 Comprehensive Annual Financial Report including additional funds COUNTY may reasonably establish or determine to be included in COUNTY's Comprehensive Annual Financial Report during the year ending June 30, 2010. All other funds of special districts under local boards, school districts, and other non-County entities will be excluded from the audit, except to the extent COUNTY has custody of assets of such entities. Items included in COUNTY's Comprehensive Annual Financial Report that are specifically excluded from the audit, but subject to limited procedures of CONTRACTOR, include the Letter of Transmittal, Management's Discussion and Analysis and the Statistical Section. CONTRACTOR shall review internal controls of COUNTY accounting systems and procedures during the course of its audit as required by generally accepted auditing standards.
  - (3) CONTRACTOR shall submit a report on its audit of the June 30, 2010 financial statements, as noted in A(15) below in accordance with generally accepted auditing standards and governmental accounting standards. CONTRACTOR shall report on COUNTY's governmental activities, business-type activities, each major fund, and aggregate remaining fund information, which collectively comprise the basic financial statements.
  - (4) COUNTY shall compile and prepare the Schedule of Expenditures of Federal Awards for the Single Audit.
  - (5) CONTRACTOR shall conduct a Single Audit in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. OMB Circular A-133 will give guidance to CONTRACTOR in reviewing compliance with Federal laws and regulations.
  - (6) COUNTY shall compile and prepare the Letter of Transmittal, Management's Discussion and Analysis, the basic financial statements, and the Statistical Section for COUNTY's Redevelopment Agency Annual Financial Report.
  - (7) The CONTRACTOR shall audit and issue a report on its audit of the Redevelopment Agency's financial statements as noted in A(15) below. In addition, the CONTRACTOR shall issue a report on the County's Redevelopment Agency compliance or non-compliance with State of California Health and Safety Code Section 33080.1(a) which governs Redevelopment Agencies.



- (8) COUNTY shall compile and prepare the Letter of Transmittal, Management's Discussion and Analysis, the basic financial statements, and the Statistical Section for the First Five Santa Barbara County Children and Families Commission (First Five Commission) Annual Financial Report.
- (9) The CONTRACTOR shall audit and issue a report on its audit of the First Five Commission's financial statements as noted in A(15) below. The First Five Commission's audit is subject to additional requirements as published in the California State Controller's *Standards and Procedures for Audits of California Counties Participating in the California Children and Families Program (September 2009)*, and by the California Children & Families Commission as published in their Fiscal Administrative Memos and their Audit Guidelines.
- (10) CONTRACTOR shall perform agreed upon procedures related to the COUNTY's appropriations limit to assist COUNTY in meeting the requirements of Article XIII B Section 1.5 of the California Constitution.
- (11) Under generally accepted auditing standards CONTRACTOR has the responsibility, within the inherent limitations of the auditing process, to plan the audit to search for errors or irregularities (as defined in authoritative professional literature) that would have a material effect on the financial statements. CONTRACTOR's search for material errors or irregularities will be accomplished by performing those auditing procedures that in CONTRACTOR's judgment are appropriate in the circumstances to form an opinion on the financial statements as a whole.
- (12) In conducting its audit, CONTRACTOR will be aware of the possibility that illegal acts (as defined in authoritative professional literature) may have occurred that may have a material effect on the financial statements. CONTRACTOR shall be required to communicate irregularities and possible illegal acts or indications of possible illegal acts of which they become aware to COUNTY.
- (13) COUNTY shall be responsible for analyzing its accounts to determine proper statement thereof, preparing schedules of certain accounts and retrieving from files, documents required for the audit. However, to assist COUNTY in arranging for additional staffing, CONTRACTOR will provide COUNTY a plan no later than the third week of April which will identify the data requirements by department and due date. CONTRACTOR will follow the schedule of expected dates for completing its fieldwork, providing audit adjustments, if any, to COUNTY. COUNTY recognizes that other data requirements may be identified during the audit, which may be added to the plan.
- (14) CONTRACTOR will notify COUNTY's DESIGNATED REPRESENTATIVE of instances it discovers where COUNTY's financial records do not appear to conform to generally accepted accounting principles, and COUNTY, if it concurs, shall correct or cause to be corrected such instances of non-conformance on a timely basis.
- (15) CONTRACTOR shall use reasonable efforts, subject to laws, regulations and professional standards applicable to the services hereunder, to complete its audit of the combined financial statements and deliver the Independent Auditors' Report on the COUNTY's basic financial statements and the financial statements for the County's Redevelopment Agency and First Five Commission between 45 - 56 calendar days following the fiscal year end, except as provided below. It is

understood that delays on the part of COUNTY in fulfilling the requirements of sections A(13) and A(14), which cause CONTRACTOR to be unable to file its report within 45 days of the fiscal year end, shall not constitute a breach of this Agreement. In this event, CONTRACTOR shall file its report as soon as practicable thereafter. CONTRACTOR will use reasonable efforts, subject to laws, regulations and professional standards applicable to the services hereunder, deliver its letter of recommendations to management, as discussed in C(6) below, within 90 days of fiscal year end.

- (16) CONTRACTOR shall, subject to laws, regulations and professional standards applicable to the services hereunder, use reasonable efforts to deliver its Single Audit report within 120 days of fiscal year end, except as provided in A(15) above.
- (17) CONTRACTOR shall hold progress conferences with the COUNTY's DESIGNATED REPRESENTATIVE according to the following schedule during the audit fieldwork to discuss the audit process and audit progress of the COUNTY's financial statements, the Redevelopment Agency, the First Five Commission, and the Single Audit.

First progress meeting	Due on or about June 18
Second progress meeting	Due on or about July 23
Exit conference (see B(1) below)	Due on or about August 13

In addition, CONTRACTOR shall provide written reports to the COUNTY's DESIGNATED REPRESENTATIVE on or about September 14 and October 15 to discuss the audit process and audit progress of the Single Audit. Submission of the Single Audit report as provided in C(7) below will terminate CONTRACTOR's requirement to submit such reports.

- (18) The scope of services includes such all audit services mandated by applicable auditing standards (see paragraph A above), including assistance with GASB Statement implementation issues that arise within the normal scope of the audit. Any identified need for special assistance with significant issues that arise outside the normal scope of the audit, would be subject to a separate contract to be negotiated as the need may arise.

B. Also, COUNTY shall present in writing any deviations from the schedule preparation requirements, and revised timing and corrective action shall be agreed upon by CONTRACTOR and COUNTY.

- (1) CONTRACTOR shall schedule an exit interview with COUNTY to discuss the reports and recommendations after the completion of the fieldwork and prior to filing its final letter of recommendations to management.
- (2) CONTRACTOR agrees to appear in person before a joint meeting of COUNTY and/or before the County Board of Supervisors at mutually convenient times during the performance of this contract, and to consult with and report as to the progress of the audit and all other matters pertaining thereto, when requested by COUNTY.
- (3) CONTRACTOR and COUNTY will work to minimize duplication of effort during the term of this Agreement. In this regard, CONTRACTOR will review COUNTY internal audit reports issued and rely on such reports to the extent it deems appropriate. CONTRACTOR will meet with COUNTY's Internal Audit Division

Manager to discuss its audit approach to provide a basis for reliance thereon by the auditors.

- C. Following the completion of the audit of COUNTY's financial statements, CONTRACTOR shall issue in accordance with applicable professional standards:
- (1) An Independent Auditor's Report on the fair presentation of the basic financial statements of the County of Santa Barbara in conformity with generally accepted accounting principles. CONTRACTOR shall deliver fifteen (15) signed copies to COUNTY's DESIGNATED REPRESENTATIVE.
  - (2) An Agreed-upon Procedures Report for GANN Limitation Verification concerning the calculation of the County's appropriation limit to meet the requirements of Article XIII B Section 1.5 of the California Constitution.
  - (3) An Independent Auditor's Report on the fair presentation of the basic financial statements of the Redevelopment Agency of the County of Santa Barbara. CONTRACTOR shall deliver three (3) signed copies to COUNTY's DESIGNATED REPRESENTATIVE.
  - (4) An Independent Auditor's Report on the Redevelopment Agency of the County of Santa Barbara's compliance with laws and regulations applicable to the Redevelopment Agency. CONTRACTOR shall deliver three (3) signed copies to COUNTY's DESIGNATED REPRESENTATIVE.
  - (5) An Independent Auditor's Report on the fair presentation of the basic financial statements of the First Five Children and Families Commission of the County of Santa Barbara. CONTRACTOR shall deliver three (3) signed copies to COUNTY's DESIGNATED REPRESENTATIVE.
  - (6) A letter of recommendations to management containing operational suggestions based on all of the investigations, discussions and audit work of the engagement. This letter of recommendations to management should contain a thorough and carefully considered constructive critique of the County's written policies, procedures and actual operations. Items contained in this letter shall be less significant than those items expressed in the other reports listed above. CONTRACTOR shall reproduce and provide thirty (30) copies of the letter of recommendations to management to COUNTY.
  - (7) As a part of the Single Audit Report of federal programs, the reports required by OMB Circular A-133. CONTRACTOR shall deliver the final report and fifteen (15) signed copies to COUNTY's DESIGNATED REPRESENTATIVE.
- D. COUNTY and CONTRACTOR recognize that the scope of services and compensation under this Agreement are predicated upon current audit requirements imposed by laws, regulations and professional standards relating to such services. COUNTY and CONTRACTOR further recognize that the scope of services and compensation under this Agreement are predicated upon expectations of reasonable cooperation with CONTRACTOR by COUNTY pursuant to this Agreement, and the absence of any irregularities or circumstances which might necessitate the extension of audit services beyond the normal scope of auditing services.
- E. Should irregularities occur, the absence of such reasonable cooperation, increase in the level of services required under applicable law, regulations or professional standards, or

other unforeseen conditions be encountered which might necessitate the extension of auditing work beyond the scope of normal auditing procedures, CONTRACTOR agrees to advise COUNTY promptly in writing of the circumstances and if appropriate to request an equitable adjustment in the maximum fee before significant additional time is incurred by CONTRACTOR. Any such requests for adjustments shall be in writing and shall contain a detailed explanation of why the adjustments are necessary. In such case, COUNTY and CONTRACTOR agree to negotiate in good faith to determine an equitable adjustment in the maximum fee. Should COUNTY and CONTRACTOR be unable to agree upon an equitable adjustment within 14 days of CONTRACTOR'S written request, or such other time period as agreed upon in writing by COUNTY and CONTRACTOR, either party may, notwithstanding any other provision in this Agreement, terminate this Agreement upon 7 days notice to the other party. COUNTY shall be liable for time, charges, and expenses actually incurred by CONTRACTOR except for any such additional time and expense which has been incurred as a result of the circumstances necessitating the adjustment.

- F. CONTRACTOR agrees that CONTRACTOR has secured or will secure at CONTRACTOR'S own expense all persons, employees and equipment (except to the extent COUNTY makes available such equipment to CONTRACTOR) required to perform the services required under this Agreement and that all services will be performed by CONTRACTOR, or under CONTRACTOR'S supervision, by persons authorized by law to perform such services.
- G. COUNTY shall provide, at its cost, reasonable office space and related on-site telephone, and photocopying equipment to CONTRACTOR'S staff during the term of this agreement. COUNTY will also provide, at its cost, adequate computer time to CONTRACTOR to execute computer assisted audit procedures related to its audit of COUNTY'S financial statements. Computer time required will be coordinated with the Audit Coordinator and scheduled in accordance with established COUNTY procedures.
- H. CONTRACTOR shall allocate audit sections unrelated to the audit of American Recovery and Reinvestment Act (ARRA) funding to COUNTY's internal audit staff totaling up to 500 budgeted hours. CONTRACTOR shall allocate audit sections related to the audit of ARRA funding to COUNTY's internal audit staff totaling up to 200 budgeted hours, as long as the additional audit requirements for ARRA funding remain in place.
- J. COUNTY and/or its Redevelopment Agency may prepare one or more official statements in connection with the sale of debt securities which will contain the general purpose financial statements and the audit report thereon. CONTRACTOR shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters."
- K. At COUNTY's request, CONTRACTOR will provide concurrence on the implementation of GASB Statements as part of the March soft-close process, in the fiscal year that a GASB Statement is required to be implemented.
- L. CONTRACTOR must retain all working papers and reports, at CONTRACTOR's expense, for a minimum of four (4) years from the date of the opinion letter, unless CONTRACTOR is notified in writing by the COUNTY of the need to extend the retention period. CONTRACTOR will be required to make working papers available, upon request, to the following parties or their designees:
  - COUNTY
  - Department of Justice

- U.S. General Accountability Office (GAO)
- Parties designated by the federal or state governments or by the COUNTY as part of an audit quality review process
- Auditors of entities of which the COUNTY is a subrecipient of grant funds

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

- M. CONTRACTOR shall not be permitted to create in the engagement letter an essentially artificial "association" with audited financial statements included in offering statements or posted on the COUNTY's internet site. CONTRACTOR may not require prior permission from the CONTRACTOR before the audited financial statements may be included in an offering statement or posted on the COUNTY's web site.

## EXHIBIT B

### PAYMENT ARRANGEMENTS

#### Periodic Compensation (with attached Schedule of Fees)

- A. For CONTRACTOR services to be rendered under this contract, CONTRACTOR shall be paid a total contract amount, including cost reimbursements, not to exceed \$148,400.00.
- B. Payment for services and/or reimbursement of costs shall be made upon CONTRACTOR's satisfactory performance, based upon the scope and methodology contained in **EXHIBIT A** as determined by COUNTY. Payment for services and/or reimbursement of costs shall be based upon the costs, expenses, overhead charges and hourly rates for personnel, as defined in **Attachment B1** (Schedule of Fees). Invoices submitted for payment that are based upon **Attachment B1** must contain sufficient detail to enable an audit of the charges, and must provide supporting documentation if so specified in **EXHIBIT A**.
- C. Monthly, CONTRACTOR shall submit to the COUNTY DESIGNATED REPRESENTATIVE an invoice or certified claim on the County Treasury for the service performed over the period specified. These invoices or certified claims must cite the assigned Board Contract Number. COUNTY REPRESENTATIVE shall evaluate the quality of the service performed and if found to be satisfactory and within the cost basis of **Attachment B1** shall initiate payment processing. COUNTY shall pay invoices or claims for satisfactory work within 30 days of presentation. COUNTY shall withhold payment of ten percent (10%) from each invoice pending delivery of all of CONTRACTOR's final reports listed in Exhibit A Section C (1) through (7), and CONTRACTOR shall specify in each invoice the ten percent (10%) amount to be withheld.
- D. COUNTY's failure to discover or object to any unsatisfactory work or billings prior to payment will not constitute a waiver of COUNTY's right to require CONTRACTOR to correct such work or billings or seek any other legal remedy.

**Attachment B1 (Schedule of Fees)**  
**For the Financial Statement Audits of the Fiscal Years Ending June 30, 2010, 2011, and 2012**

The rates below apply to CONTRACTOR's services for the Fiscal Year ending June 30, 2010, and for the Fiscal Years ending June 30, 2011 and June 30, 2012, if this Agreement is renewed by COUNTY for each such Fiscal Year.

<u>Staff Level</u>	<u>Standard Hourly Rate</u>
Partners	\$200.00
Managers	\$160.00
Seniors	\$130.00
Staff	\$110.00
Clerical	\$60.00

Out-of-pocket expenses for CONTRACTOR personnel (e.g., travel, lodging and subsistence) will be reimbursed at the rates used by the COUNTY for its employees. All expense reimbursements will be charged against the total contract amount.

Summary Schedule of Total All-Inclusive Maximum Price

	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>
Santa Barbara County CAFR	\$62,000	\$62,000	\$62,000
Santa Barbara County Single Audit	\$36,840	\$36,840	\$36,840
Santa Barbara County Single Audit-ARRA*	\$20,000	\$20,000	\$20,000
Redevelopment Agency Audit	\$18,100	\$18,100	\$18,100
First 5 Santa Barbara County Audit	\$11,460	\$11,460	\$11,460

\* Santa Barbara County Single Audit-ARRA maximum annual price is subject to the increased reporting requirements stated in Appendix VII to the 2009 Supplement issued by the Office of Management and Budget. This amount may be eliminated if the additional audit requirements for ARRA are eliminated.

## EXHIBIT C

### STANDARD INDEMNIFICATION AND INSURANCE PROVISIONS for contracts REQUIRING professional liability insurance

#### INDEMNIFICATION

##### **Indemnification pertaining to other than Professional Services:**

CONTRACTOR shall defend, indemnify and save harmless the COUNTY, its officers, agents and employees from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities arising out of this Agreement or occasioned by the performance or attempted performance of the provisions hereof; including, but not limited to, any act or omission to act on the part of the CONTRACTOR or his agents or employees or other independent contractors directly responsible to him; except those claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities resulting from the sole negligence or willful misconduct of the COUNTY.

CONTRACTOR shall notify the COUNTY immediately in the event of any accident or injury arising out of or in connection with this Agreement.

##### **Indemnification pertaining to Professional Services:**

CONTRACTOR shall indemnify and save harmless the COUNTY, its officers, agents and employees from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities arising out of the negligent performance or attempted performance of the provisions hereof; including any willful or negligent act or omission to act on the part of the CONTRACTOR or his agents or employees or other independent contractors directly responsible to him to the fullest extent allowable by law.

CONTRACTOR shall notify the COUNTY immediately in the event of any accident or injury arising out of or in connection with this Agreement.

Without limiting the CONTRACTOR's indemnification of the COUNTY, CONTRACTOR shall procure the following required insurance coverages at its sole cost and expense. All insurance coverage is to be placed with insurers which (1) have a Best's rating of no less than A: VII, and (2) are admitted insurance companies in the State of California. All other insurers require the prior approval of the COUNTY. Such insurance coverage shall be maintained during the term of this Agreement. Failure to comply with the insurance requirements shall place CONTRACTOR in default. Upon request by the COUNTY, CONTRACTOR shall provide a certified copy of any insurance policy to the COUNTY within ten (10) working days.

1. Workers' Compensation Insurance: Statutory Workers' Compensation and Employers Liability Insurance shall cover all CONTRACTOR's staff while performing any work incidental to the performance of this Agreement. The policy shall provide that no cancellation, or expiration or reduction of coverage shall be effective or occur until at least thirty (30) days after receipt of such notice by the COUNTY. In the event CONTRACTOR is self-insured, it shall furnish a copy of Certificate of Consent to Self-Insure issued by the Department of Industrial Relations for the State of California. This provision does not apply if CONTRACTOR has no employees as defined in Labor Code Section 3350 et seq. during the entire period of this Agreement and CONTRACTOR submits a written statement to the COUNTY stating that fact.



2. General and Automobile Liability Insurance: The general liability insurance shall include bodily injury, property damage and personal injury liability coverage, shall afford coverage for all premises, operations, products and completed operations of CONTRACTOR and shall include contractual liability coverage sufficiently broad so as to include the insurable liability assumed by the CONTRACTOR in the indemnity and hold harmless provisions of the Indemnification Section of this Agreement between COUNTY and CONTRACTOR. The automobile liability insurance shall cover all owned, non-owned and hired motor vehicles that are operated on behalf of CONTRACTOR pursuant to CONTRACTOR's activities hereunder. CONTRACTORS shall require all subcontractors to be included under its policies or furnish separate certificates and endorsements to meet the standards of these provisions by each subcontractor. COUNTY, its officers, agents, and employees shall be Additional Insured status on any policy. A cross liability clause, or equivalent wording, stating that coverage will apply separately to each named or additional insured as if separate policies had been issued to each shall be included in the policies. A copy of the endorsement evidencing that the policy has been changed to reflect the Additional Insured status must be attached to the certificate of insurance. The limit of liability of said policy or policies for general and automobile liability insurance shall not be less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Any deductible or Self-Insured Retention (SIR) over \$10,000 requires approval by the COUNTY.

Said policy or policies shall include a severability of interest or cross liability clause or equivalent wording. Said policy or policies shall contain a provision of the following form:

*"Such insurance as is afforded by this policy shall be primary and non-contributory to the full limits stated in the declarations, and if the COUNTY has other valid and collectible insurance for a loss covered by this policy, that other insurance shall be excess only."*

If the policy providing liability coverage is on a 'claims-made' form, the CONTRACTOR is required to maintain such coverage for a minimum of three years following completion of the performance or attempted performance of the provisions of this agreement. Said policy or policies shall provide that the COUNTY shall be given thirty (30) days written notice prior to cancellation or expiration of the policy or reduction in coverage.

3. Professional Liability Insurance. Professional liability insurance shall include coverage for the activities of CONTRACTOR's professional staff with a combined single limit of not less than \$1,000,000 per occurrence or claim and \$2,000,000 in the aggregate. Said policy or policies shall provide that COUNTY shall be given thirty (30) days written notice prior to cancellation, expiration of the policy, or reduction in coverage. If the policy providing professional liability coverage is on a 'claims-made' form, the CONTRACTOR is required to maintain such coverage for a minimum of three (3) years (ten years [10] for Construction Defect Claims) following completion of the performance or attempted performance of the provisions of this agreement.

CONTRACTOR shall submit to the office of the designated COUNTY representative certificate(s) of insurance documenting the required insurance as specified above prior to this Agreement becoming effective. COUNTY shall maintain current certificate(s) of insurance at all times in the office of the designated County representative as a condition precedent to any payment under this Agreement. Approval of insurance by COUNTY or acceptance of the certificate of insurance by COUNTY shall not relieve or decrease the extent to which the CONTRACTOR may be held responsible for payment of damages resulting from CONTRACTOR'S services of operation pursuant to the contract, nor shall it be deemed a waiver of COUNTY'S rights to insurance coverage hereunder.

In the event the CONTRACTOR is not able to comply with the COUNTY'S insurance requirements, COUNTY may, at their sole discretion and at the CONTRACTOR'S expense, provide compliant coverage.

The above insurance requirements are subject to periodic review by the COUNTY. The COUNTY's Risk Manager is authorized to change the above insurance requirements, with the concurrence of County Counsel, to include additional types of insurance coverage or higher coverage limits, provided that such change is reasonable based on changed risk of loss or in light of past claims against the COUNTY or inflation. This option may be exercised during any amendment of this Agreement that results in an increase in the nature of COUNTY's risk and such change of provisions will be in effect for the term of the amended Agreement. Such change pertaining to types of insurance coverage or higher coverage limits must be made by written amendment to this Agreement. CONTRACTOR agrees to execute any such amendment within thirty (30) days of acceptance of the amendment or modification.

## EXHIBIT D

### HIPAA Business Associate Agreement

#### 1. Use and Disclosure of Protected Health Information

Except as otherwise provided in this Exhibit, the Contractor may use or disclose Protected Health Information ("PHI")<sup>1</sup> to perform functions, activities or services for or on behalf of the County, as specified in the underlying agreement, provided that such use or disclosure does not violate the Health Insurance Portability and Accountability Act (HIPAA), the California Confidential Medical Information Act (CMIA), or other state or federal laws. The uses and disclosures of PHI may not exceed the limitations applicable to the County under the regulations except as authorized for management, administrative or legal responsibilities of the Contractor. PHI includes without limitation "Electronic Protected Health Information" ("EPHI")<sup>2</sup>.

#### 2. Business Associates Held to the Same Standards as Covered Entities

The Business Associate/Contractor understands that HIPAA and CMIA hold the Business Associate to the same standards of responsibility and liability for the protection of confidential medical information as those required of the Covered Entity.

#### 3. Applicable Laws

Laws which will apply to the Business Associate, include, but are not limited to: the Health Insurance Portability and Accountability Act (HIPAA), a federal law; the California Confidential Medical Information Act (CMIA), a state law; other federal and state laws pertaining to the protection of patient/client privacy and the security of confidential medical information.

#### 4. Requirement to Train Own Employees and Workforce

The Contractor has a responsibility to provide effective training for all members of its workforce (including its own employees, management, staff, volunteers, independent contractors, and subcontractors) who will or who are likely to have any access to or exposure to PHI or EPHI. Members of the Contractor's workforce, who use, disclose, handle, view, process, distribute, access, audit, create, receive or have any exposure to PHI or EPHI must receive training on both the HIPAA Privacy Rule and the HIPAA Security Rule. Privacy Rule Training shall meet the requirements of 45 Code of Federal Regulations Section 164.530 (b). Security Rule Training shall meet the requirements of 45 Code of Federal Regulations Section 164.308 (a)(5).

#### 5. Further Disclosure of PHI

The Contractor shall not use or further disclose PHI other than as permitted or required by the underlying Agreement, or as required by law.

1/ "Protected Health Information" means individually identifiable health information including, without limitation, all information, data, documentation and materials, including without limitation, demographic, medical and financial information, that relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

2/ "Electronic Protected Health Information" means Protected Health Information, which is transmitted by Electronic Media (as defined in the HIPAA Security and Privacy Rule) or maintained in Electronic Media.

## 6. Safeguarding PHI

The Contractor shall use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by the underlying Agreement. Contractor shall implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of EPHI that Contractor creates, receives, maintains or transmits on behalf of County. The actions taken by the Contractor to safeguard EPHI shall include, but may not be limited to:

- a. Encrypting EPHI that it stores and transmits;
- b. Implementing strong access controls, including physical locks, firewalls, and strong passwords;
- c. Using antivirus/antispymware software that is upgraded regularly;
- d. Adopting contingency planning policies and procedures, including data backup and disaster recovery plans; and
- e. Conducting periodic privacy and security training.

## 7. Unauthorized Use or Disclosure of PHI

The Contractor shall report to the County any use or disclosure of the PHI not provided for by the underlying Agreement or otherwise in violation of the HIPAA Privacy Rule, the HIPAA Security Rule, or CMIA. Contractor shall report to County any privacy or security incidents within 2 days of becoming aware of such incidents. For purposes of this paragraph, "security incident" shall mean the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with systems operations in an information system. The Business Associate shall also be compliant with all HIPAA and CMIA reporting requirements (to federal or state authorities) pertaining to any privacy or security breaches of confidential medical information.

## 8. Agents and Subcontractors of the Business Associate

The Contractor shall ensure that any agent, including a subcontractor, to which the Contractor provides PHI received from, or created or received by the Contractor on behalf of the County, shall comply with the same restrictions and conditions that apply through the underlying Agreement to the Contractor with respect to such information. The Contractor shall ensure that any agent to whom it provides PHI, including a subcontractor, agrees to implement reasonable and appropriate safeguards to protect such PHI. Contractor shall not use subcontractors or agents, unless it receives prior written consent from County.

## 9. Access to PHI

At the request of the County, and in the time and manner designated by the County, the Contractor shall provide access to PHI in a Designated Record Set to an Individual or the County to meet the requirements of 45 Code of Federal Regulations Section 164.524.

## 10. Amendments to Designated Record Sets

The Contractor shall make any amendment(s) to PHI in a Designated Record Set that the County directs or at the request of the Individual, and in the time and manner designated by the County in accordance with 45 Code of Federal Regulations Section 164.526.

## 11. Documentation of Uses and Disclosures

The Contractor shall document such disclosures of PHI and information related to such disclosures as would be required for the County to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 Code of Federal Regulations Section 164.528. Contractor agrees to implement a process that allows for an accounting to be collected and maintained by Contractor and its agents or subcontractors for at least six years prior to the request, but not before the compliance date of the Privacy Rule.

## 12. Accounting of Disclosures

The Contractor shall provide to the County or an Individual, in the time and manner designated by the County, information collected in accordance with 45 Code of Federal Regulations Section 164.528, to

permit the County to respond to a request by the Individual for an accounting of disclosures of PHI in accordance with 45 Code of Federal Regulations Section 164.528.

### 13. Records Available to Covered Entity and Secretary

The Contractor shall make available records related to the use, disclosure, security and privacy protection of PHI received from the County, or created or received by the Contractor on behalf of the County, to the County or to the Secretary of the United State Department of Health and Human Services for purposes of investigating or auditing the County's compliance with the HIPAA privacy and security regulations, in the time and manner designated by the County or the Secretary.

### 14. Destruction of PHI

a. Upon termination of the underlying Agreement for any reason, the Contractor shall:

- (1) Return all PHI received from the County, or created or received by the Contractor on behalf of the County required to be retained by the Privacy Rule; or
- (2) Return or destroy all other PHI received from the County, or created or received by the Contractor on behalf of the County.

This provision also shall apply to PHI in possession of subcontractors or agents of the Contractor. The Contractor, its agents or subcontractors shall retain no copies of the PHI. However, Contractor, its agents or subcontractors shall retain all protected information throughout the term of the underlying Agreement and shall continue to maintain the information required under Section 11 of this Exhibit for a period of six years after termination of the underlying Agreement.

b. In the event the Contractor determines that returning or destroying the PHI is not feasible, the Contractor shall provide the County notification of the conditions that make return or destruction not feasible. If the County agrees that the return of the PHI is not feasible, the Contractor shall extend the protections of this Exhibit to such PHI and limit further use and disclosures of such PHI for so long as the Contractor, or any of its agents or subcontractors, maintains such PHI.

### 15. Amendments

The Parties agree to take such action as is necessary to amend the underlying Agreement as necessary for the County to comply with the requirements of the Privacy Rule and its implementing regulations.

### 16. Mitigation of Disallowed Uses and Disclosures

The Contractor shall mitigate, to the extent practical, any harmful effect that is known to the Contractor of a use, disclosure or exposure of PHI by the Contractor in violation of the requirements of the underlying Agreement or of the HIPAA Privacy and Security Rules or CMIA.

### 17. Termination of Agreement

The County shall terminate the underlying Agreement upon knowledge of a material breach by the Contractor of which the Contractor fails to cure.

### 18. Definitions

Terms used, but not otherwise defined, in this Exhibit shall have the same meaning as those in the HIPAA Privacy Rule, the HIPAA Security Rule and CMIA.

### 19. Interpretation

Any ambiguity in this Exhibit shall be resolved to permit County to comply with the HIPAA Privacy Rule, the HIPAA Security Rule and CMIA.

Contract Summary Form: Contract Number:

Complete data below, print, obtain signature of authorized departmental representative, and submit this form (and attachments) to the Clerk of the Board (>\$100,000). If less than (<\$100,000) submit a Purchasing Requisition to the Purchasing Division of General Services. See *"online purchasing manual" under General Services, Purchasing, Policies and Procedures*. Form not applicable to revenue contracts.

D1. Fiscal Year : FY 2009-10  
D2. Budget Unit Number (*plus -Ship/-Bill codes in paren's*) : 061  
D3. Requisition Number :  
D4. Department Name : Auditor-Controller  
D5. Contact Person : Jennifer Christensen  
D6. Phone : 805-568-2134

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K1. Contract Type (*check one*): ☒ Personal Service ☐ Capital Project/Construction  
K2. Brief Summary of Contract Description/Purpose :  
K3. Original Contract Amount : \$148,400, plus two 1-year options at the same amount  
K4. Contract Begin Date : February 16, 2010  
K5. Original Contract End Date : February 15, 2011  
K6. Amendment History (*leave blank if no prior amendments*):  

<u>Seq#</u>	<u>EffectiveDate</u>	<u>ThisAmndtAmt</u>	<u>CumAmndtToDate</u>	<u>NewTotalAmt</u>	<u>NewEndDate</u>	<u>Purpose</u>
(2-4 words)						
	\$	\$	\$			

K7. Department Project Number : 2010

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B1. Is this a Board Contract? (*Yes/No*) : Yes  
B2. Number of Workers Displaced (*if any*) : None  
B3. Number of Competitive Bids (*if any*) : None  
B4. Lowest Bid Amount (*if bid*) :  
B5. If Board waived bids, show Agenda Date :  
B6. ... and Agenda Item Number : #  
B7. Boilerplate Contract Text Unaffected? (*Yes / or cite ¶¶*) : Yes

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F1. Encumbrance Transaction Code : n/a  
F2. Current Year Encumbrance Amount : \$  
F3. Fund Number : 0001  
F4. Department Number : 061  
F5. Division Number (*if applicable*) : 04  
F6. Account Number : 7324  
F7. Cost Center number (*if applicable*) :  
F8. Payment Terms : Per contract schedule

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V1. Vendor Numbers (*A=uditor; P=urchasing*) :  
V2. Payee/Contractor Name : Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter Accountancy Corporation  
V3. Mailing Address: 4200 Truxton Avenue, Suite 300  
V4. City State (*two-letter*) Zip (*include +4 if known*): Bakersfield, CA 93309  
V5. Telephone Number : 661-324-4971  
V6. Contractor's Federal Tax ID Number.....: 95-3109182  
V7. Contact Person.....: Eric H. Xin  
V8. Workers Comp Insurance Expiration Date:  
V9. Liability Insurance Expiration Date[s] (*G=enl; P=rofl*) :  
V10. Professional License Number : # 1171  
V11. Verified by (*name of County staff*) : Jennifer Christensen

V12. Company Type (*Check one*): ☐ Individual ☐ Sole Proprietorship ☐ Partnership ☒ Corporation

**I certify:** information complete and accurate; designated funds available; required concurrences evidenced on signature page.

Date :

Authorized Signature :

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