



Local Agency Formation Commission of Napa County
Subdivision of the State of California

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We Manage Local Government Boundaries, Evaluate Municipal Services, and Protect Agriculture

Agenda Item 5d (Consent/Action)

TO: Local Agency Formation Commission

PREPARED BY: Brendon Freeman, Executive Officer

MEETING DATE: June 6, 2016

SUBJECT: Approval of Contract with Brown Armstrong for Audit Services

RECOMMENDATION

It is recommended the Commission approve the audit contract with Brown Armstrong and authorize the Executive Officer to sign the contract (Attachment One).

SUMMARY

The County of Napa has conducted a Request for Proposals process for audit services on behalf of the County, as well as several other joint powers agencies, special districts, and other designated units, including the Commission. The County received five proposals, and determined that it was most advantageous to enter into a contract with Brown Armstrong for audit services covering fiscal years ending 2016, 2017, and 2018 with an optional two-year extension. The contract between the County of Napa and Brown Armstrong provides an option for the Commission to enter into a contract with Brown Armstrong for its own annual audits.

Given that the County serves as LAFCO's treasurer, staff recommends the Commission follow the County's procurement effort and enter into a contract with Brown Armstrong for audit services. It has been the Commission's practice to select this option in years past, and it appears appropriate to continue with this practice at this time.

Annual audit fees for the Commission throughout the term of the contract would remain consistent at \$4,500. Previous audits were prepared by Gallina with recent annual costs at \$4,725. The terms of the attached contract have been reviewed by legal counsel and accepted by Brown Armstrong, pending approval by the Commission.

ATTACHMENT

- 1) Draft Professional Services Agreement with Brown Armstrong
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Greg Pitts, Vice Chair
Councilmember, City of St. Helena

Juliana Inman, Commissioner
Councilmember, City of Napa

Joan Bennett, Alternate Commissioner
Councilmember, City of American Canyon

Diane Dillon, Chair
County of Napa Supervisor, 3rd District

Brad Wagenknecht, Commissioner
County of Napa Supervisor, 1st District

Keith Caldwell, Alternate Commissioner
County of Napa Supervisor, 5th District

Brian J. Kelly, Commissioner
Representative of the General Public

Gregory Rodeno, Alternate Commissioner
Representative of the General Public

Brendon Freeman
Executive Officer

LOCAL AGENCY FORMATION COMMISSION

AGREEMENT NO. _____

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into as of this 6th day of June, 2016, by and between LOCAL AGENCY FORMATION COMMISSION, hereinafter referred to as “COMMISSION”, and Brown Armstrong Accountancy Corporation, a California corporation, hereinafter referred to as “CONTRACTOR”;

RECITALS

WHEREAS, COMMISSION wishes to obtain specialized services, as authorized by Government Code section 31000, in the form of specialized audit services; and

WHEREAS, CONTRACTOR is willing to provide such specialized services to COMMISSION under the terms and conditions set forth herein; and

TERMS

NOW, THEREFORE, COMMISSION hereby engages the services of CONTRACTOR, and CONTRACTOR agrees to serve COMMISSION in accordance with the terms and conditions set forth herein:

1. Term of the Agreement.

a. The term of this Agreement shall commence on the date first above written and shall expire on December 31, 2018, unless extended pursuant to subsection b., below, or terminated earlier in accordance with Paragraphs 9 (Termination for Cause), 10 (Other Termination) or 23(a) (Covenant of No Undisclosed Conflict); except that the obligations of the parties under Paragraphs 7 (Insurance) and 8 (Indemnification) shall continue in full force and effect after said expiration date or early termination in relation to acts or omissions occurring prior to such dates during the term of the Agreement, and the obligations of CONTRACTOR to COMMISSION shall also continue after said expiration date or early termination in relation to the obligations prescribed by Paragraphs 15 (Confidentiality), 20 (Taxes) and 21 (Access to Records/Retention).

b. At the COMMISSION’s option, this contract may be extended for two (2) additional years, for a total five-year term. This option may be exercised before May 31 of each year.

2. Scope of Services. CONTRACTOR shall provide COMMISSION those services set forth in Exhibit “A”, attached hereto, in addition to the RFP and CONTRACTOR’s proposal, incorporated by reference herein as attached to Exhibit “A”.

3. Compensation.

(a) Rates. In consideration of CONTRACTOR's fulfillment of the promised work, COMMISSION shall pay CONTRACTOR those fixed amounts set forth in Exhibit "B", attached hereto and incorporated by reference herein.

(b) Expenses. No travel or other expenses will be reimbursed by COMMISSION.

(c) Maximum Amount. Notwithstanding subparagraphs (a) and (b), the maximum payments under this Agreement shall be a total of Four Thousand Five Hundred Dollars (\$4,500) per annum for professional services. Maximum payments per annum will remain constant through the three years included in this contract and each optional year exercised, however, that such amounts shall not be construed as guaranteed sums, and compensation shall be based upon services actually rendered.

4. Method of Payment.

(a) Professional Services. All payments for compensation shall be made only upon presentation by CONTRACTOR to the COMMISSION of an itemized billing invoice in a form acceptable to the COMMISSION and the Napa County Auditor which indicates, at a minimum, CONTRACTOR's name, address, Social Security or Taxpayer Identification Number, itemization of the hours worked, a detailed description of the tasks completed during the billing period, the names of person(s) performing the services and the position(s) held by such person(s), and the approved hourly or task rate.

(c) Fixed Price. If the Agreement provides for a fixed price, if CONTRACTOR presents interim invoices, CONTRACTOR must state the percentage of work completed, which must be verified by COMMISSION, i.e., 35% design, 95% design, draft report, et cetera, at which time CONTRACTOR shall be paid the equivalent percentage of the fixed price.

(d) CONTRACTOR shall submit invoices not more often than 30 days to the COMMISSION who, after review and approval as to form and content, shall submit the invoice to the Napa County Auditor no later than fifteen (15) calendar days following receipt.

(e) Legal status. So that the COMMISSION may properly comply with its reporting obligations under federal and state laws pertaining to taxation, if CONTRACTOR is or becomes a corporation during the term of this Agreement, proof that such status is currently recognized by and complies with the laws of both the state of incorporation or organization and the State of California, if different, shall be provided to the COMMISSION and the Napa County Auditor-Controller upon request in a form satisfactory to the Napa County Auditor. Such proof shall include, but need not be limited to, a copy of any annual or other periodic filings or registrations required by the state of origin or California, the current address for service of process on the corporation or limited liability partnership, and the name of any agent designated for service of process by CONTRACTOR within the State of California.

5. Independent Contractor. CONTRACTOR shall perform this Agreement as an independent contractor. CONTRACTOR and the officers, agents and employees of CONTRACTOR are not, and shall not be deemed, COMMISSION employees for any purpose, including workers' compensation and employee benefits. CONTRACTOR shall, at CONTRACTOR's own risk and expense, determine the method and manner by which duties imposed on CONTRACTOR by this Agreement shall be performed; provided, however, that COMMISSION may monitor the work performed by CONTRACTOR. COMMISSION shall not deduct or withhold any amounts whatsoever from the compensation paid to CONTRACTOR,

including, but not limited to amounts required to be withheld for state and federal taxes, unless required to do so by court order. As between the parties to this Agreement, CONTRACTOR shall be solely responsible for all such payments.

6. **Specific Performance.** It is agreed that CONTRACTOR, including the agents or employees of CONTRACTOR, shall be the sole providers of the services required by this Agreement. Because the services to be performed by CONTRACTOR under the terms of this Agreement are of a special, unique, unusual, extraordinary, and intellectual or time-sensitive character which gives them a peculiar value, the loss of which cannot be reasonably or adequately compensated in damages in an action of law, COMMISSION, in addition to any other rights or remedies which COMMISSION may possess, shall be entitled to injunctive and other equitable relief to prevent a breach of this Agreement by CONTRACTOR.

7. **Insurance.** CONTRACTOR shall obtain and maintain in full force and effect throughout the term of this Agreement, and thereafter as to matters occurring during the term of this Agreement, the following insurance coverage:

(a) **Workers' Compensation Insurance.** To the extent required by law during the term of this Agreement, CONTRACTOR shall provide workers' compensation insurance for the performance of any of CONTRACTOR's duties under this Agreement, including but not limited to, coverage for workers' compensation and employer's liability and a waiver of subrogation, and shall provide COMMISSION with certification of all such coverages upon request by the COMMISSION.

(b) **Liability Insurance.** CONTRACTOR shall obtain and maintain in full force and effect during the term of this Agreement the following liability insurance coverages, **issued by a company admitted to do business in California and having an A.M. Best rating of A:VII or better, or equivalent self-insurance:**

(1) **General Liability.** Commercial general liability [CGL] insurance coverage (personal injury and property damage) of not less than ONE MILLION DOLLARS (\$1,000,000) combined single limit per occurrence, covering liability or claims for any personal injury, including death, to any person and/or damage to the property of any person arising from the acts or omissions of CONTRACTOR or any officer, agent, or employee of CONTRACTOR under this Agreement. If the coverage includes an aggregate limit, the aggregate limit shall be no less than twice the per occurrence limit.

(2) **Professional Liability/Errors and Omissions.** Professional liability [or errors and omissions] insurance for all activities of CONTRACTOR arising out of or in connection with this Agreement in an amount not less than ONE MILLION DOLLARS (\$1,000,000) per claim.

(3) **Comprehensive Automobile Liability Insurance.** Comprehensive automobile liability insurance (Bodily Injury and Property Damage) on owned, hired, leased and non-owned vehicles used in conjunction with CONTRACTOR's business of not less than ONE MILLION DOLLARS (\$1,000,000) combined single limit per occurrence. Coverage shall be business auto insurance coverage using Insurance Services Office (ISO) form number CA 0001 06 92 including symbol 1 (any Auto) or the exact equivalent. If CONTRACTOR owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the General Liability Insurance described in subparagraph (b)(1) above. If CONTRACTOR or CONTRACTOR's employees, officers, or agents will use personal automobiles in any way in

the performance of this Agreement, CONTRACTOR shall provide evidence of personal auto liability coverage for each such person upon request.

(c) Certificates of Coverage. All insurance coverages referenced in 7(b), above, shall be evidenced by one or more certificates of coverage or, with the consent of COMMISSION's Risk Manager, demonstrated by other evidence of coverage acceptable to COMMISSION's Risk Manager, which shall be filed by CONTRACTOR with the Auditor-Controller prior to commencement of performance of any of CONTRACTOR's duties.

(1) The certificate(s) or other evidence of coverage shall reference this Agreement by its COMMISSION number or title and department; shall be kept current during the term of this Agreement; shall provide that COMMISSION shall be given no less than thirty (30) days prior written notice of any non-renewal, cancellation, other termination, or material change, except that only ten (10) days prior written notice shall be required where the cause of non-renewal or cancellation is non-payment of premium; and shall provide that the inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, the coverage afforded applying as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the company's liability.

(2) Waiver of Subrogation and Additional Insured Endorsements. For the commercial general liability insurance coverage referenced in 7(b)(1) and, for the comprehensive automobile liability insurance coverage referenced in 7(b)(3) where the vehicles are covered by a commercial policy rather than a personal policy, CONTRACTOR shall also file with the evidence of coverage an endorsement from the insurance provider naming COMMISSION, its officers, employees, agents and volunteers as additional insureds and waiving subrogation. For the Workers Compensation insurance coverage, CONTRACTOR shall file an endorsement waiving subrogation with the evidence of coverage.

(3) The certificate or other evidence of coverage shall provide that if the same policy applies to activities of CONTRACTOR not covered by this Agreement, then the limits in the applicable certificate relating to the additional insured coverage of COMMISSION shall pertain only to liability for activities of CONTRACTOR under this Agreement, and that the insurance provided is primary coverage to COMMISSION with respect to any insurance or self-insurance programs maintained by COMMISSION. The additional insured endorsements for the general liability coverage shall use Insurance Services Office (ISO) Form No. CG 20 09 11 85 or CG 20 10 11 85, or equivalent, including (if used together) CG 2010 10 01 and CG 2037 10 01; but shall not use the following forms: CG 20 10 10 93 or 03 94.

(4) Upon request by COMMISSION's Risk Manager, CONTRACTOR shall provide or arrange for the insurer to provide within thirty (30) days of the request, certified copies of the actual insurance policies or relevant portions thereof.

(d) Deductibles/Retentions. Any deductibles or self-insured retentions shall be declared to, and be subject to approval by, COMMISSION's Risk Manager, which approval shall not be denied unless the COMMISSION's Risk Manager determines that the deductibles or self-insured retentions are unreasonably large in relation to compensation payable under this Agreement and the risks of liability associated with the activities required of CONTRACTOR by this Agreement. At the option of and upon request by COMMISSION's Risk Manager if the Risk Manager determines that such deductibles or retentions are unreasonably high, either the insurer shall reduce or eliminate such deductibles or self-insurance retentions as respects COMMISSION, its officers, employees, agents and volunteers or CONTRACTOR shall procure

a bond guaranteeing payment of losses and related investigations, claims administration and defense expenses.

(e) Inclusion in Subcontracts. CONTRACTOR agrees to require all subcontractors and any other entity or person who is involved in providing services under this Agreement to comply with the Workers Compensation and General Liability insurance requirements set forth in this Paragraph 7.

8. Hold Harmless/Defense/Indemnification.

(a) In General. To the full extent permitted by law, CONTRACTOR shall defend at its own expense, indemnify, and hold harmless the COMMISSION and its officers, agents, employees, volunteers, or representatives from and against any and all liability, claims, actions, proceedings, losses, injuries, damages or expenses of every name, kind, and description, including litigation costs and reasonable attorney's fees incurred in connection therewith, arising from all acts or omissions of CONTRACTOR or its officers, agents, employees, volunteers, contractors and subcontractors in rendering services under this Agreement, excluding, however, such liability, claims, actions, losses, injuries, damages or expenses arising from the sole negligence or willful acts of COMMISSION or its officers, agents, employees, volunteers, representatives, or other contractors or their subcontractors. Each party shall notify the other party immediately in writing of any claim or damage related to activities performed under this Agreement. The parties shall cooperate with each other in the investigation and disposition of any claim arising out of the activities under this Agreement, providing that nothing shall require either party to disclose any documents, records or communications that are protected under peer review privilege, attorney-client privilege, or attorney work product privilege.

(b) Employee Character and Fitness. CONTRACTOR accepts responsibility for determining and approving the character and fitness of its employees (including volunteers, agents or representatives) to provide the services required of CONTRACTOR under this Agreement, including completion of a satisfactory criminal/background check and period rechecks to the extent permitted by law. Notwithstanding anything to the contrary in this Paragraph, CONTRACTOR shall hold COMMISSION and its officers, agents and employees harmless from any liability for injuries or damages resulting from a breach of this provision or CONTRACTOR's actions in this regard.

9. Termination for Cause. If either party shall fail to fulfill in a timely and proper manner that party's obligations under this Agreement or otherwise breach this Agreement and fail to cure such failure or breach within twenty (20) days of receipt of written notice from the other party describing the nature of the breach, the non-defaulting party may, in addition to any other remedies it may have, terminate this Agreement by giving ten (10) days prior written notice to the defaulting party in the manner set forth in Paragraph 13 (Notices). In addition to COMMISSION staff, the Napa County Purchasing Agent or designee pursuant to Napa County Code section 2.36.050 may take any action required under this Paragraph to terminate this Agreement on behalf of COMMISSION for cause.

10. Other Termination. This Agreement may be terminated by either party for any reason and at any time by giving prior written notice of such termination to the other party specifying the effective date thereof at least thirty (30) days prior to the effective date, as long as the date the notice is given and the effective date of the termination are in the same fiscal year; provided,

however, that no such termination may be effected by COMMISSION unless an opportunity for consultation is provided prior to the effective date of the termination. In addition to COMMISSION staff, the Napa County Executive Officer may take any actions required under this Paragraph to terminate this Agreement on behalf of COMMISSION for the convenience of COMMISSION.

11. Disposition of, Title to and Payment for Work Upon Expiration or Termination.

(a) Upon expiration of this Agreement or termination for cause under Paragraph 9 or termination for convenience of a party under Paragraph 10:

(1) All finished or unfinished documents and other materials, if any, and all rights therein shall become, at the option of COMMISSION, the property of and shall be promptly returned to COMMISSION, although CONTRACTOR may retain a copy of such work for its personal records only, except as otherwise provided under Paragraph 15 (Confidentiality) of this Agreement.

(b) CONTRACTOR shall be entitled to receive compensation for any satisfactory work completed prior to expiration or receipt of the notice of termination or commenced prior to receipt of the notice of termination and completed satisfactorily prior to the effective date of the termination; except that CONTRACTOR shall not be relieved of liability to COMMISSION for damages sustained by COMMISSION by virtue of any breach of the Agreement by CONTRACTOR whether or not the Agreement expired or otherwise terminated, and COMMISSION may withhold any payments not yet made to CONTRACTOR for purpose of setoff until such time as the exact amount of damages due to COMMISSION from CONTRACTOR is determined.

12. No Waiver. The waiver by either party of any breach or violation of any requirement of this Agreement shall not be deemed to be a waiver of any such breach in the future, or of the breach of any other requirement of this Agreement.

13. Notices. All notices required or authorized by this Agreement shall be in writing and shall be delivered in person or by deposit in the United States mail, by certified mail, postage prepaid, return receipt requested. Any mailed notice, demand, request, consent, approval or communication that either party desires to give the other party shall be addressed to the other party at the address set forth below. Either party may change its address by notifying the other party of the change of address. Any notice sent by mail in the manner prescribed by this paragraph shall be deemed to have been received on the date noted on the return receipt or five days following the date of deposit, whichever is earlier.

COMMISSION

Tracy A. Schulze
Napa County
1195 Third Street, Suite B-10
Napa, CA 94559

CONTRACTOR

Jian Ou-Yang
Brown Armstrong
5250 Claremont Ave., Suite 237
Stockton, CA 95207

14. **Compliance with COMMISSION Policies on Waste, Harassment, Drug/Alcohol-Free Workplace, and Computer Use.** CONTRACTOR hereby agrees to comply, and require its employees and subcontractors to comply, with the following policies, copies of which are on file with the Clerk of the Board of Supervisors and incorporated by reference herein.

CONTRACTOR also agrees that it shall not engage in any activities, or permit its officers, agents and employees to do so, during the performance of any of the services required under this Agreement, which would interfere with compliance or induce violation of these policies by COMMISSION employees or contractors.

(a) Waste Source Reduction and Recycled Product Content Procurement Policy adopted by resolution of the Board of Supervisors on March 26, 1991.

(b) County of Napa "Policy for Maintaining a Harassment and Discrimination Free Work Environment" revised effective August 23, 2005.

(c) County of Napa Drug and Alcohol Policy adopted by resolution of the Board of Supervisors on June 25, 1991.

(d) Napa County Information Technology Use and Security Policy adopted by resolution of the Board of Supervisors on April 17, 2001. To this end, all employees and subcontractors of CONTRACTOR whose performance of services under this Agreement requires access to any portion of the COMMISSION computer network shall sign and have on file with COMMISSION's ITS Department prior to receiving such access the certification attached to said Policy.

(e) Napa County Workplace Violence Policy, adopted by the BOS effective May 23, 1995 and subsequently revised effective November 2, 2004, which is located in the County of Napa Policy Manual Part I, Section 37U.

15. **Confidentiality.**

(a) Maintenance of Confidential Information. Confidential information is defined as all information disclosed to CONTRACTOR which relates to COMMISSION's past, present, and future activities, as well as activities under this Agreement. CONTRACTOR shall hold all such information as CONTRACTOR may receive, if any, in trust and confidence, except with the prior written approval of COMMISSION, expressed through its Auditor-Controller. Upon cancellation or expiration of this Agreement, CONTRACTOR shall return to COMMISSION all written and descriptive matter which contains any such confidential information, except that CONTRACTOR may retain for its files a copy of CONTRACTOR's work product if such product has been made available to the public by COMMISSION.

(b) Protection of Personally Identifiable Information and Protected Health Information.

(1) To the extent CONTRACTOR is provided, creates, or has access to, Protected Health Information (PHI), Personally Identifiable Information (PII), or any other legally protected confidential information or data in any form or matter (collectively referred to as "Protected Information"), CONTRACTOR shall adhere to all federal, state and local laws, rules and regulations protecting the privacy of such information. CONTRACTOR shall adhere to all existing and future federal, state and local laws, rules and regulations regarding the privacy and security of Protected Information, including, but not limited to, laws and regulations requiring data encryption or policy and awareness programs for the protection of COMMISSION Protected Information provided to, or accessed or created by, CONTRACTOR.

(2) CONTRACTOR shall ensure that its staff is trained to its privacy and security policies and procedures and that appropriate physical, technological and administrative safeguards are in place to protect the confidentiality of COMMISSION's Protected Information, including, but not limited to, PHI and PII. Upon request, CONTRACTOR shall make available to COMMISSION its policies and procedures, staff training records and other documentation of compliance with this Paragraph 15.

(3) CONTRACTOR agrees to notify COMMISSION immediately of any unauthorized access to or disclosure of Protected Information that it becomes aware of.

(4) CONTRACTOR will be responsible for all costs associated with CONTRACTOR's breach of the security and privacy of COMMISSION's Protected Information, or its unauthorized access to or disclosure of COMMISSION's Protected Information, including, but not limited to, mitigation of the breach, cost to the COMMISSION of any monetary sanctions resulting from breach, notification of individuals affected by the breach, and any other action required by federal, state, or local laws, rules or regulations applicable at the time of the breach.

16. No Assignments or Subcontracts.

(a) In General. A consideration of this Agreement is the personal reputation of CONTRACTOR; therefore, CONTRACTOR shall not assign any interest in this Agreement or subcontract any of the services CONTRACTOR is to perform hereunder without the prior written consent of COMMISSION, which shall not be unreasonably withheld. The inability of the assignee to provide personnel equivalent in experience, expertise, and numbers to those provided by CONTRACTOR, or to perform any of the remaining services required under this Agreement within the same time frame required of CONTRACTOR shall be deemed to be reasonable grounds for COMMISSION to withhold its consent to assignment. For purposes of this subparagraph, the consent of COMMISSION may be given by the Executive Officer or Auditor-Controller.

(b) Effect of Change in Status. If CONTRACTOR changes its status during the term of this Agreement from or to that of a corporation, limited liability partnership, limited liability company, general partnership, or sole proprietorship, such change in organizational status shall be viewed as an attempted assignment of this Agreement by CONTRACTOR. Failure of CONTRACTOR to obtain approval of such assignment under this Paragraph shall be viewed as a material breach of this Agreement.

17. Amendment/Modification. Except as specifically provided herein, this Agreement may be modified or amended only in writing and with the prior written consent of both parties. Failure of CONTRACTOR to secure such authorization in writing in advance of performing any extra or changed work shall constitute a waiver of any and all rights to adjustment in the contract price or contract time and no compensation shall be paid for such extra work.

18. Interpretation; Venue.

(a) Interpretation. The headings used herein are for reference only. The terms of the Agreement are set out in the text under the headings. This Agreement shall be governed by the laws of the State of California without regard to the choice of law or conflicts.

(b) Venue. This Agreement is made in Napa County, California. The venue for any legal action in state court filed by either party to this Agreement for the purpose of interpreting

or enforcing any provision of this Agreement shall be in the Superior Court of California, County of Napa, a unified court. The venue for any legal action in federal court filed by either party to this Agreement for the purpose of interpreting or enforcing any provision of this Agreement lying within the jurisdiction of the federal courts shall be the Northern District of California. The appropriate venue for arbitration, mediation or similar legal proceedings under this Agreement shall be Napa County, California; however, nothing in this sentence shall obligate either party to submit to mediation or arbitration any dispute arising under this Agreement.

19. **Compliance with Laws.** CONTRACTOR shall observe and comply with all applicable Federal, State and local laws, ordinances, and codes. Such laws shall include, but not be limited to, the following, except where prohibited by law:

(a) Non-Discrimination. During the performance of this Agreement, CONTRACTOR and its subcontractors shall not deny the benefits thereof to any person on the basis of race, color, ancestry, national origin or ethnic group identification, religion or religious creed, gender or self-identified gender, sexual orientation, marital status, age, mental disability, physical disability, genetic information, or medical condition (including cancer, HIV and AIDS), or political affiliation or belief, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, color, ancestry, national origin or ethnic group identification, religion or religious creed, gender or self-identified gender, sexual orientation, marital status, age (over 40), mental disability, physical disability, genetic information, or medical condition (including cancer, HIV and AIDS), use of family care leave, or political affiliation or belief. CONTRACTOR shall ensure that the evaluation and treatment of employees and applicants for employment are free of such discrimination or harassment. In addition to the foregoing general obligations, CONTRACTOR shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12900, et seq.), the regulations promulgated thereunder (Title 2, California Code of Regulations, section 7285.0, et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (sections 11135-11139.5) and any state or local regulations adopted to implement any of the foregoing, as such statutes and regulations may be amended from time to time. To the extent this Agreement subcontracts to CONTRACTOR services or works required of COMMISSION by the State of California pursuant to agreement between COMMISSION and the State, the applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a) through (f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are expressly incorporated into this Agreement by reference and made a part hereof as if set forth in full, and CONTRACTOR and any of its subcontractors shall give written notice of their obligations thereunder to labor organizations with which they have collective bargaining or other agreements.

(b) Documentation of Right to Work. CONTRACTOR agrees to abide by the requirements of the Immigration and Control Reform Act pertaining to assuring that all newly-hired employees of CONTRACTOR performing any services under this Agreement have a legal right to work in the United States of America, that all required documentation of such right to work is inspected, and that INS Form 1-9 (as it may be amended from time to time) is completed and on file for each employee. CONTRACTOR shall make the required documentation available upon request to COMMISSION for inspection.

(c) Inclusion in Subcontracts. To the extent any of the services required of CONTRACTOR under this Agreement are subcontracted to a third party, CONTRACTOR shall

include all of the provisions of this Paragraph 19 in all such subcontracts as obligations of the subcontractor.

20. **Taxes.** CONTRACTOR agrees to file federal and state tax returns or applicable withholding documents and to pay all applicable taxes or make all required withholdings on amounts paid pursuant to this Agreement and shall be solely liable and responsible to make such withholdings and/or pay such taxes and other obligations including, without limitation, state and federal income and FICA taxes. CONTRACTOR agrees to indemnify and hold COMMISSION harmless from any liability it may incur to the United States or the State of California as a consequence of CONTRACTOR's failure to pay or withhold, when due, all such taxes and obligations. In the event that COMMISSION is audited for compliance regarding any withholding or other applicable taxes or amounts, CONTRACTOR agrees to furnish COMMISSION with proof of payment of taxes or withholdings on those earnings.

21. **Access to Records/Retention.** COMMISSION, any federal or state grantor agency funding all or part of the compensation payable hereunder, the State Controller, the Comptroller General of the United States, or the duly authorized representatives of any of the above, shall have access to any books, documents, papers and records of CONTRACTOR which are directly pertinent to the subject matter of this Agreement for the purpose of making audit, examination, excerpts and transcriptions. Except where longer retention is required by any federal or state law, CONTRACTOR shall maintain all required records for at least seven (7) years after COMMISSION makes final payment for any of the work authorized hereunder and all pending matters are closed, whichever is later.

22. **Authority to Contract.** CONTRACTOR and COMMISSION each warrant hereby that they are legally permitted and otherwise have the authority to enter into and perform this Agreement.

23. **Conflict of Interest.**

(a) Covenant of No Undisclosed Conflict. The parties to the Agreement acknowledge that they are aware of the provisions of Government Code section 1090, et seq., and section 87100, et seq., relating to conflict of interest of public officers and employees. CONTRACTOR hereby covenants that it presently has no interest not disclosed to COMMISSION and shall not acquire any interest, direct or indirect, which would conflict in any material manner or degree with the performance of its services or confidentiality obligation hereunder, except as such as COMMISSION may consent to in writing prior to the acquisition by CONTRACTOR of such conflict. CONTRACTOR further warrants that it is unaware of any financial or economic interest of any public officer or employee of COMMISSION relating to this Agreement. CONTRACTOR agrees that if such financial interest does exist at the inception of this Agreement, COMMISSION may terminate this Agreement immediately upon giving written notice without further obligation by COMMISSION to CONTRACTOR under this Agreement.

(b) Statements of Economic Interest. CONTRACTOR acknowledges and understands that COMMISSION has developed and approved a Conflict of Interest Code as required by state law which requires CONTRACTOR to file with the Elections Division of the Napa County Assessor-Clerk Recorder "assuming office", "annual", and "leaving office" Statements of Economic Interest as a "consultant", as defined in section 18701(a)(2) of Title 2

of the California Code of Regulations, unless it has been determined in writing that CONTRACTOR, although holding a “designated” position as a consultant, has been hired to perform a range of duties so limited in scope as to not be required to fully comply with such disclosure obligation. CONTRACTOR agrees to timely comply with all filing obligations for a consultant under COMMISSION’s Conflict of Interest Code unless such a determination is on file on the filing dates for each of the required Statements of Economic Interest.

24. **Third Party Beneficiaries.** Nothing contained in this Agreement shall be construed to create any rights in third parties and the parties do not intend to create such rights.

25. **Attorney's Fees.** In the event that either party commences legal action of any kind or character to either enforce the provisions of this Agreement or to obtain damages for breach thereof, the prevailing party in such litigation shall be entitled to all costs and reasonable attorney's fees incurred in connection with such action.

26. **Severability.** If any provision of this Agreement, or any portion thereof, is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this Agreement.

27. **Entirety of Contract.** This Agreement, including any documents expressly incorporated by reference whether or not attached hereto, constitutes the entire agreement between the parties relating to the subject of this Agreement and supersedes all previous agreements, promises, representations, understandings and negotiations, whether written or oral, among the parties with respect to the subject matter hereof.

SIGNATURES ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, this Agreement was executed by the parties hereto as of the date first above written.

Brown Armstrong

By 
Jian Ou-Yang, Vice President

By 
Christina M. Thornburgh, Corporate Secretary
"CONTRACTOR"

LOCAL AGENCY FORMATION COMMISSION

By _____
Brendon Freeman, Executive Officer

"Commission"

<p>APPROVED AS TO FORM Commission Counsel</p> <p>By: _____ Renne Sloan Holtzman Sakai</p> <p>Date: _____</p>	<p>APPROVED BY THE LOCAL AGENCY FORMATION COMMISSION</p> <p>Date: _____ Processed By: _____ Clerk of the Board</p>
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EXHIBIT "A"

SCOPE OF WORK

CONTRACTOR shall provide AGENCY with the following services:

I. DESCRIPTION OF SERVICES

1. CONTRACTOR shall provide AGENCY with annual audit services in the manner for the compensation (noted in Exhibit B) and fiscal years noted in the Napa County proposal for audit services attached hereto and incorporated herein as Attachment 1 to Exhibit A. To the extent anything in Attachment 1 is inconsistent with the provisions in the main text of this Agreement, the provision of the main text shall prevail.
2. For purposes of this Agreement, references in such Attachment to "we", "our", and "us" shall mean CONTRACTOR, and references to "County of Napa" and "you" mean AGENCY

II. COMPLIANCE WITH GOVERNMENT CODE SECTION 7550. As required by Government Code section 7550, each document or report prepared by CONTRACTOR for or under the direction of AGENCY pursuant to this Agreement shall contain the numbers and dollar amounts of the Agreement and all subcontracts under the Agreement relating to the preparation of the document or written report. The Agreement and subcontract dollar amounts shall be contained in a separate section of the document or written report. If multiple documents or written reports are the subject of the Agreement or subcontracts, the disclosure section may also contain a statement indicating that the total contract amount represents compensation for multiple documents or written reports.

NAPA COUNTY REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

Napa County is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2016, June 30, 2017 and June 30, 2018, with the option of extending the term for each of the two subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards* (2007), the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* as well as Ordinance No. 1 (Napa County Flood Protection and Watershed Improvement Authority) – Measure A.

There is no expressed or implied obligation for Napa County to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

A voluntary pre-proposal conference for all the firms interested in submitting a proposal will be held at 9:30 A.M. to 11:30 A.M. on February 11, 2016 at 1195 Third Street, Napa, CA 94559 in the Auditor-Controller's Conference Room to answer questions about the engagement. Prior to the pre-proposal conference, any inquiries concerning the request for proposals should be addressed to Robert Minahen. All interested audit firms will be provided (via e-mail) with a copy of the questions and answers of the pre-proposal conference by February 18, 2016.

To be considered, a master copy (so marked) of a Technical Proposal and seven (7) copies of the proposal must be received by Robert Minahen at 1195 Third Street, Room B-10, Napa, CA 94559 by 5:00 P.M. on March 4, 2016 in a sealed package or envelop as stipulated in Section VI. Proposal Requirements. Napa County reserves the right to reject any or all proposals submitted.

An Audit Committee selected by the Napa County Auditor-Controller will evaluate proposals submitted.

During the evaluation process, Napa County and the Audit Committee reserve the right, where it may serve Napa County's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of Napa County or the Audit Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

Napa County reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals,

NAPA COUNTY REQUEST FOR PROPOSALS

unless clearly and specifically noted in the proposal submitted and confirmed in the contract between Napa County and the firm selected.

By submitting a proposal, the respondent represents and warrants that:

1. The information provided is genuine and not a sham, collusive, or made in the interest or in behalf of any party not therein named, and that the respondent has not directly or indirectly induced or solicited any other respondent to put in a sham proposal, or any other respondent to refrain from presenting information and that the prospective provider has not in any manner sought by collusion to secure an advantage.
2. The respondent has not paid or agreed to pay any fee or commission, or any other thing of value contingent upon the award of an exclusive operating area, to any employee, official, or existing contracting consultant of the County of Napa.

The County reserves the right to award an agreement without further competition based on the responses received to this RFP.

The County reserves the right to request additional information not included in this RFP from any or all respondents.

The County reserves the right to contact references not provided in the submittals.

Proposals will become a public record and available for release to the public upon selection of a successful respondent and an agreement is reached.

It is anticipated a notification of Intent to Award will be issued by March 25, 2016. Following the notification it is expected a contract will be executed between both parties by April 29, 2016.

B. Term of Engagement

A three-year contract with two one-year extensions is contemplated, subject to the annual review and recommendation of the Audit Committee with the concurrence of the Napa County Board of Supervisors and the annual availability of an appropriation.

C. Subcontracting

If this is to be done, the names of the proposed subcontracting firms must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of Napa County.

NAPA COUNTY REQUEST FOR PROPOSALS

II. NATURE OF SERVICES REQUIRED

A. General

Napa County is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2016, June 30, 2017 and June 30, 2018, with the option to audit the County of Napa's financial statements for each of the two subsequent fiscal years with concurrence of the Napa County Board of Supervisors and the annual availability of an appropriation. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

- Audit and report on the financial statements for the County of Napa and its component units, Comprehensive Annual Financial Report (CAFR), including but reported separately, the Schedule of Expenditures of Federal Awards.
- Audit and report on the financial statements for the following Joint Powers Authorities, Special Districts and other designated audits, separately from the County's Comprehensive Financial Report, hereafter referred to as non-CAFR entities:
 - Treasury Oversight Committee
 - Napa Vallejo Waste Management Authority
 - Upper Valley Waste Management Authority
 - Napa County Children and Families Commission (First 5)
 - Napa County Flood Control and Water Conservation District
 - Napa County Flood Protection and Watershed Improvement Authority
 - Napa County Local Agency Formation Commission
 - Napa County Transportation Development Act Funds
 - In-Home Support Services Public Authority of Napa County
 - Napa County Regional Park and Open Space District
 - Napa County Housing Authority
 - Napa Sanitation District

Although it is the goal to obtain one single auditing firm for the entities listed above, it should be noted any that are independent from the County may select an alternative firm to complete their audit through their own RFP process. This will be determined and communicated PRIOR to final contract award for this RFP. Audits for any of the independent entities will be handled by separate contract with the corresponding agency.

- Express an opinion on the fair presentation of the County of Napa's basic financial statements and for each of the non-CAFR financial statements in conformity with generally accepted accounting principles.

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- The auditor is not required to audit the combining and individual fund financial statements, schedules, introductory section or statistical section contained in the comprehensive annual financial report. However, the auditor is required to provide an "in-relation-to" opinion on the budgetary comparison schedules and the combining and individual non-major fund financial statements based on the auditing procedures applied during the audit of the basic financial statements.
- Perform certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
- Perform the required procedures for providing a "in relation to" opinion on the schedule of expenditures of federal awards.
- Presentation of the County of Napa's Comprehensive Annual Financial Report, Schedule of Expenditures of Federal Awards (Single Audit) and Management Report to the Napa County Board of Supervisors, upon request.

C. Auditing Standards to be Followed

The audits will be performed 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* (2007), the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and any subsequent revisions or amendments to the above listed standards.

D. Reports to be Issued

Following the completion of the audit of the County of Napa's fiscal year financial statements, Comprehensive Annual Financial Report, the auditor will issue:

- A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including but reported separately an "in relation to" opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
- A report on compliance and internal control over financial reporting based on an audit of the financial statements.
- A report on compliance and internal control over compliance applicable to each major federal program.

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Following the completion of the audit of the fiscal year's financial statements for non-CAFR entities, the auditor will issue:

- A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an “in relation to” opinion on the fair presentation of the schedule of expenditures of federal awards in relation to the audited financial statements, if applicable.
- A report on compliance and internal control over financial reporting based on an audit of the financial statements.
- A report on compliance and internal control over compliance applicable to each major federal program, if applicable.

In the required report on compliance and internal controls, the auditor will communicate any *material deficiencies in internal controls* found during the audit. A material deficiency will be defined as a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

The report on compliance and internal controls will include all material instances of noncompliance. All nonmaterial instances of noncompliance will be reported in a separate management letter, which will be referred to in the report on compliance and internal controls.

Irregularities and illegal acts - Auditors will be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Napa County Auditor-Controller, the Audit Committee, and the Board of Supervisors.

E. Special Considerations

1. Napa County will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor may be required to provide special assistance to Napa County to meet the requirements of that program.

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2. Napa County currently anticipates it will prepare one or more official statements in connection with the sale of debt securities, which will contain the basic financial statements and the auditor's report thereon. The auditor 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."
3. In accordance with provisions of the Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. A-133 Subpart D, Section 400 *Federal Agencies and Pass-Through Entities Responsibilities*, Napa County has determined that as of June 30, 2010 the County is not required to have a cognizant agency.
4. The Schedule of Expenditures of Federal Awards and related auditor's report, as well as the reports on compliance and internal controls are to be issued as part of the Single Audit report.

F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by Napa County of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- Napa County
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments or by Napa County as part of an audit quality review process
- Auditors of entities of which Napa County is a sub-recipient of grant funds
- Auditors of entities of which Napa County is a component unit

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

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III. DESCRIPTION OF THE GOVERNMENT

A. Name and Telephone Number of Contact Persons/Organization Chart

The auditor's principal contact with Napa County will be Robert Minahen, Assistant Auditor-Controller, or a designated representative, who will coordinate the assistance to be provided by Napa County to the auditor.

An organization chart is provided in Appendix A.

B. Background Information

Napa County has a population of approximately 138,000 residents. Napa County's fiscal year begins on July 1 and ends on June 30.

Napa County has a total bi-weekly payroll of approximately \$4.3 million covering approximately 1,400 employees.

The accounting and financial reporting functions of Napa County are centralized.

More detailed information on the government and its finances can be found in the fiscal year 2014-15 CAFR. The CAFR and the most recent final audit reports for all of the non-CAFR entities included in this RFP is available on the Napa County website at <http://www.countyofnapa.org/Auditor/>.

C. Fund Structure – See the most recent final audit reports available on the Napa County website at <http://www.countyofnapa.org/Auditor/>.

D. Budgetary Basis of Accounting – See the most recent final audit reports available on the Napa County website at <http://www.countyofnapa.org/Auditor/>.

E. Federal and State Financial Assistance – See the fiscal year 2014-15 Single Audit – available on the Napa County website at <http://www.countyofnapa.org/Auditor/>.

F. Pension Plans – See the most recent final audit report available on the Napa County website at <http://www.countyofnapa.org/Auditor/>.

G. Component Units

The management of Napa County identified the following component units for inclusion in the Napa County's financial statements. The component units and the fiscal year 2014-15 audits were as follows:

- In-Home Support Services Public Authority of Napa County

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- Napa County Flood Protection and Watershed Improvement Authority
- Napa County Housing Authority

These component units also issue an audit report separate from the County of Napa's financial statements.

H. Magnitude of Finance Operations

The Auditor-Controller's Department is headed by Tracy A. Schulze, Auditor-Controller, and consists of 22 employees. The principal functions performed and the number of employees assigned to each is as follows:

<u>Function</u>	<u>Number of Employees</u>
Administration	3
Payroll/Accounts Payable	6
Accounting and Reporting	6
Property Tax	2
Internal Audit/Grant Compliance	5

I. Computer Systems

The accounting system is an ERP system running on Microsoft Sequel Server. Napa County uses PeopleSoft HRMS (9.1 currently, upgrading to 9.2) and Financials (9.2).

J. Internal Audit/Compliance Function

Napa County has maintained an internal audit function for the past thirty years. The internal audit function reports to Tracy A. Schulze, Auditor-Controller, and is staffed by three (3) employees. The compliance function is has been separated into its own section for five years and is staffed by two (2) employees.

K. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters not available on Napa County's website should contact Robert Minahen at 1195 Third Street, Room B-10, Napa, CA 94559, telephone number (707) 253-4579. Napa County will use its best efforts to make prior audit reports available to proposers to aid their response to this request for proposals.

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IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are to be submitted:

- Request for proposal issued January 15, 2016
- Pre-proposal conference/questions due February 11, 2016
- Questions/answers published February 18, 2016
- Due date for proposals March 4, 2016

B. Anticipated Notification and Contract Dates

- Notification of Intent to Award March 25, 2016
- Contract date April 29, 2016

C. Date Audit May Commence

Napa County will have all records ready for audit and all management personnel available to meet with the firm's personnel as of the close of the County books usually the end of July. Interim work can begin June 15, 2016.

D. Schedule for the fiscal year 2015-16 Year Audits

A similar time schedule will be developed for audits of future fiscal years.

Each of the following should be completed by the auditor no later than the dates indicated.

1. Detailed Audit Plan
The auditor will provide both a detailed audit plan and a list of all schedules to be prepared by Napa County by July 1, 2016.
2. Interim Work
The auditor will complete interim work by approximately August 30, 2016.
3. Fieldwork
The auditor will complete all fieldwork by October 31, 2016.
4. Draft Reports

The auditor will have drafts of the audit reports and recommendations to management available for review as shown below.

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<u>Reporting Entity</u>	<u>Draft Report Due</u>
County of Napa (CAFR, Single Audit and Management Letter)	November 23, 2016
Treasury Oversight Committee	November 23, 2016
Napa Vallejo Waste Management Authority	September 30, 2016
Upper Valley Waste Management Agency	September 30, 2016
Napa County Children and Families Commission (First 5)	September 30, 2016
Napa County Flood Protection & Watershed Improvement Authority	September 30, 2016
Napa County Flood Control and Water Conservation District	September 30, 2016
Napa County Local Agency Formation Commission	September 30, 2016
Napa County Transportation Development Act Funds	October 14, 2016
In-Home Support Services Public Authority of Napa County	September 30, 2016
Napa County Parks and Open Space District	September 30, 2016
Napa County Housing Authority	September 30, 2016
Napa Sanitation District	September 30, 2016

E. Entrance Conferences, Progress Reporting and Exit Conferences

Routine progress reports, including entrance and exit conferences, will be provided to the Auditor-Controller or a designated representative on a regular basis, but not less than monthly, during the course of the work. The firm conducting the Napa County audit may be required to meet with the County to discuss various issues and provide updates. Also, either the Auditor-Controller's Office or the firm conducting the audit may, with reasonable notice, request a meeting at any time during the course of work.

F. Date Final Report is Due

The Napa County Auditor-Controller will prepare information for the County of Napa's financial statements, notes and all required supplementary schedules [and statistical data] and will assist in the preparation of the non-CAFR financial statements, notes and all required supplementary schedules at least one week prior to the draft report due dates. The auditor will provide a draft auditor's report(s) and all recommendations, revisions and suggestions for improvement to the Napa County Auditor-Controller in accordance with Section IV D (4) above. A revised auditor's report will be delivered to the Auditor-Controller at least two weeks prior to the final report due date listed below.

The Auditor-Controller will complete the review of draft reports as expeditiously as possible. It is not expected that this process should exceed one week. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report will be delivered to the Auditor-Controller by the final report due date.

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The auditor will have final reports and recommendations as follows:

<u>Reporting Entity</u>	<u>Final Report Due</u>
County of Napa (CAFR, Single Audit and Management Letter)	December 9, 2016
Treasury Oversight Committee	December 9, 2016
Napa Vallejo Waste Management Authority	October 14, 2016
Upper Valley Waste Management Agency	October 14, 2016
Napa County Children and Families Commission (First 5)	October 14, 2016
Napa County Flood Protection and Watershed Improvement Authority	October 14, 2016
Napa County Flood Control and Water Conservation District	October 14, 2016
Napa County Local Agency Formation Commission	October 14, 2016
Napa County Transportation Development Act Funds	November 4, 2016
In-Home Support Services Public Authority of Napa County	October 14, 2016
Napa County Parks and Open Space District	October 14, 2016
Napa County Housing Authority	October 14, 2016
Napa Sanitation District	October 14, 2016

The total number of requested copies of the audit must be delivered within ten working days following the final report due date.

The final bound CAFR report and (30) signed copies, the Single Audit (10 copies), and Management Letter (5 copies) should be delivered to Tracy A. Schulze, Napa County Auditor-Controller at 1195 Third Street, Room B-10, Napa, CA 94559. This will be required if Napa County accepts the proposal that includes report preparation by the auditor (Appendix D).

The final Basic Financial Statements and ten (10) signed copies for all non-CAFR entity audits should be delivered to Tracy A. Schulze, Napa County Auditor-Controller at 1195 Third Street, Room B-10, Napa, CA 94559.

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V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Auditor-Controller Department Assistance

The Auditor-Controller staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of Napa County.

B. Internal Audit Staff Assistance

The Napa County Auditor-Controller's Internal Audit and Grant Compliance Divisions perform the following audits:

- County-wide Financial Process Audits
- Compliance Audits
- Grant Compliance Audits
- Revolving Fund Audits

C. Statements and Schedules to be prepared by the Staff of Napa County

The accounting staff of the Napa County Auditor-Controller's Office prepares information for statements and schedules contained in the CAFR.

D. Work Area, Telephones, Photocopying and Internet Access

Napa County will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone line, photocopying and internet access.

E. Report Preparation

The County will prepare the CAFR, however the auditor will be responsible for printing and binding of the report. We are requesting a separate cost breakout for the printing and binding of the County's CAFR.

All other reports will be prepared by the non-CAFR entities with the assistance of the Napa County Auditor-Controller's Office; however, the reports are to be printed and bound by the auditor.

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VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Pre-proposal Conference and On-site Inspections

A voluntary conference for firms interested in submitting proposals will be held on February 11, 2016 in the Auditor-Controller's Conference Room from 9:30 A.M. to 11:30 A.M. Questions will be accepted up to 11:30 during the conference.

All interested audit firms will be provided (via e-mail) with a copy of all submitted questions and answers by February 18, 2016.

2. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must include the contact's email address and must be made by 11:30 A.M., February 11, 2016 to:

Robert Minahen, Assistant Auditor-Controller
1195 Third Street, Room B-10
Napa, CA 94559
Robert.Minahen@countyofnapa.org

All interested audit firms will be provided (via e-mail) with a copy of all submitted questions and answers by February 18, 2016. Questions and answers will also be published on the County website along with original RFP.

Except for the individual named above, potential respondents should not contact Napa County officials or staff regarding any aspect of this RFP. If such contact is made, the County reserves the right to reject the proposal.

No prior, current, or post award verbal conversations or agreements with any officer, agent, or employee of the County or any other person or entity shall affect or modify any terms or obligations of this RFP or any agreement resulting from this process.

3. Submission of Proposals

The following material is required to be received by March 4, 2016 for a proposing firm to be considered in a sealed package, marked with RFP title and number:

- a. A master copy (so marked) of a Technical Proposal and seven (7) copies to include the following:

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- i. Title Page
Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.
 - ii. Table of Contents
 - iii. Transmittal Letter
A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for a period of one hundred, twenty (120) days from date of submission.
 - iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI B of this request for proposals.
 - v. Executed copies of Proposer Guarantees and Proposer Warranties, attached to this request for proposal (Appendix B and Appendix C)
- b. The proposer will submit an original and seven (7) copies of a dollar cost proposal in a separate sealed envelope marked as follows:

SEALED DOLLAR COST
PROPOSAL
FOR
NAPA COUNTY
FOR
PROFESSIONAL AUDITING SERVICES
JUNE 30, 2016

- c. Proposers should send the completed proposal consisting of the two separate envelopes to the following address:

Robert Minahen, Assistant Auditor-Controller
1195 Third Street, Room B-10
Napa, CA 94559

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B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the County of Napa in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet requirements for the request for proposals.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed dollar cost bid). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items numbers 2 through 10 below, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent, as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards* (2007 Revision), of Napa County and the non-CAFR entities as listed within this document .

The firm also should provide an affirmative statement that it is independent of all of the component units of Napa County as defined by those same standards.

The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving Napa County or any of its agencies, component units or primary government for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

3. License to Practice in California

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in California.

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4. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on these engagements are to be performed and the number and nature of the professional staff to be employed in these engagements on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm will also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm will provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

The firm will also describe its philosophy on continuing education. Specifically, how the firm keeps current on governmental accounting standards as well as California specific fiscal issues.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior

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written permission of Napa County. However, in either case, Napa County retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of Napa County, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Prior Engagements with Napa County

List separately all engagements within the last five years, ranked on the basis of total staff hours, for Napa County and the non-CAFR entities listed in this proposal by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five years that are similar to the engagements described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal. In developing the work plan, reference should be made to such sources of information as Napa County's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- Proposed segmentation of the engagement
- Level of staff and number of hours to be assigned to each proposed segment of the engagement

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- Sample size and the extent to which statistical sampling is to be used in the engagement
- Type and extent of analytical procedures to be used in the engagement
- Approach to be taken to gain and document an understanding of the Napa County's internal control structure
- Approach to be taken in determining laws and regulations that will be subject to audit test work
- Approach to be taken in drawing audit samples for purposes of tests of compliance

9. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from Napa County.

C. Sealed Dollar Cost Proposal

1. Total All-Inclusive Maximum Price

The sealed dollar cost proposal should contain all pricing information relative to performing the audit engagements as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

Napa County will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost proposal. Such costs should not be included in the proposal.

The first page of the sealed dollar cost proposal should include the following information:

- Name of Firm
- Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with Napa County.

2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The pages following the certification page of the sealed dollar cost proposal should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix D), which supports the total all-inclusive maximum price.

NAPA COUNTY REQUEST FOR PROPOSALS

- A total all-inclusive maximum price for the County audit services for 2016, 2017, and 2018, and optional extension 2019 and 2020 fiscal year engagements, (CAFR, Single Audit, and Management Letter), including a cost for printing and binding the CAFR
 - A total all-inclusive maximum price for Napa County's non-CAFR entities for 2016, 2017, and 2018 and optional extension 2019 and 2020 fiscal year engagements, broken out by each entity.
3. Out-of-pocket Expenses are to be included in the Total All-inclusive Maximum Price.
4. Rates for Additional Professional Services

If it should become necessary for Napa County to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work will be performed only if set forth in an addendum to the contract between Napa County and the firm. Any such additional work agreed to between Napa County and the firm will be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost proposal.

5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost proposal. Interim billing will cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

NAPA COUNTY REQUEST FOR PROPOSALS

VII. EVALUATION PROCEDURES

A. Audit Committee

Proposals submitted will be evaluated by the Audit Committee selected by the Napa County Auditor-Controller.

B. Review of Proposals

The Audit Committee will use a point formula during the review process to score proposals. Each member of the Audit Committee will score each technical proposal by each of the criteria described in Section VII C below. The full Audit Committee will review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm.

After the composite technical score for each firm has been established, the sealed dollar cost proposal will be opened and additional points will be added to the technical score based on the price proposal. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

Napa County reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in California
- b. The firm has no conflict of interest, as determined by the County, with regard to any other work performed by the firm for Napa County
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

NAPA COUNTY REQUEST FOR PROPOSALS

2. Technical Quality – 60%

a. Expertise and Experience

- The firm's past experience and performance on comparable government engagements
- The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
- The quality of professional continuing education, specifically in the area of current governmental accounting standards

b. Audit Approach

- Adequacy of proposed staffing plan for various segments of the engagement
- Adequacy of sampling techniques
- Adequacy of analytical procedures

3. Price – 40%

D. Oral Presentations

During the evaluation process, the Audit Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Audit Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Final Selection

Napa County will select a firm based upon the recommendation of the Audit Committee. However any agreement must be approved by the Napa County Board of Supervisors.

Napa County has a local vendor preference which covers the acquisition of requested services. Local vendors will be awarded contracts for services where qualifications are determined by the audit committee to be otherwise equal, unless such preference is not allowable by law. For this matter, a local vendor is a vendor who has a billing address located within Napa County. Where appropriate, out of county vendors are encouraged to subcontract with qualified local vendors.

It is anticipated that a notification of Intent to Award will be issued by March 25, 2016. Following the notification, it is expected a contract will be executed by April 29, 2016.

NAPA COUNTY REQUEST FOR PROPOSALS

The chosen responder will be executing Professional Service Agreements (PSAs) with the Napa County Board of Supervisors and, where applicable, each independent Board of the listed non-CAFR entities. A sample of the PSA is attached as Exhibit E. The proposer must list out any exceptions to the standard contract language and include proposed alternative language within their proposal. However, the County's acceptance of a proposal does not constitute an obligation to accept changes to the PSA.

Respondents who are unable to meet all of the County's insurance requirements (Section 7 of attached PSA) may submit with their proposal an alternative plan for obtaining insurance that will adequately mitigate the risks associated with providing the services. Any alternative insurance coverage request is subject to review and approval by County Counsel and the County's Risk Management Officer.

Failure to meet the County's insurance requirements (as determined by County Counsel and County Risk Management) may be sufficient reason for disqualification from the selection process.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between Napa County and the firm selected.

Napa County reserves the right without prejudice to reject any or all proposals.

G. Right to Protest

Any directly affected party who is aggrieved in connection with the solicitation or award of a purchase order or contract issued through a formal sealed procurement procedure may protest the procurement action taken. Such protests must be filed in writing with:

County of Napa
Purchasing Agent
1195 Third Street, Room 310
Napa, CA 94559

Protests must be filed in writing within five (5) working days from the time of the occurrence generating the protest. Protests received after this time will not be considered. Any protest shall include the following information:

1. The date and action taken resulting in a protest, and
2. Identification the material issue, including a detailed explanation of the basis for the protest, and the remedy sought. Specification related protests must be fully supported by

NAPA COUNTY REQUEST FOR PROPOSALS

technical data test results, or other pertinent information, that the substitute offered is equal to or better than the specification requirement.

Upon receipt of protest, the Purchasing Agent will convene, at the earliest possible convenience, discussions between the protesting party and appropriate County staff to seek informal resolution and/or to clarify the issues.

If the protest is not resolved by mutual agreement, the Purchasing Agent shall provide a written response to the protesting party within fifteen (15) working days following the informal meeting. County Counsel shall be consulted before the written response is issued.

The response shall state the Purchasing Agent's decision, the facts supporting the decision, and shall inform the protesting party of its right to appeal the decision to the Board of Supervisors.

In the event the informal resolution procedure is unsuccessful, the protesting party may request an appeal hearing before the Board of Supervisors by filing a written request with the Clerk of the Board no later than five (5) working days after notification of the Purchasing Agent's decision. Any appeal hearing shall be scheduled within thirty (30) working days from the date request is received by the Clerk of the Board. The Clerk of the Board shall notify the appellant by personal service of the scheduled hearing date not less than ten (10) working days from the date of hearing.

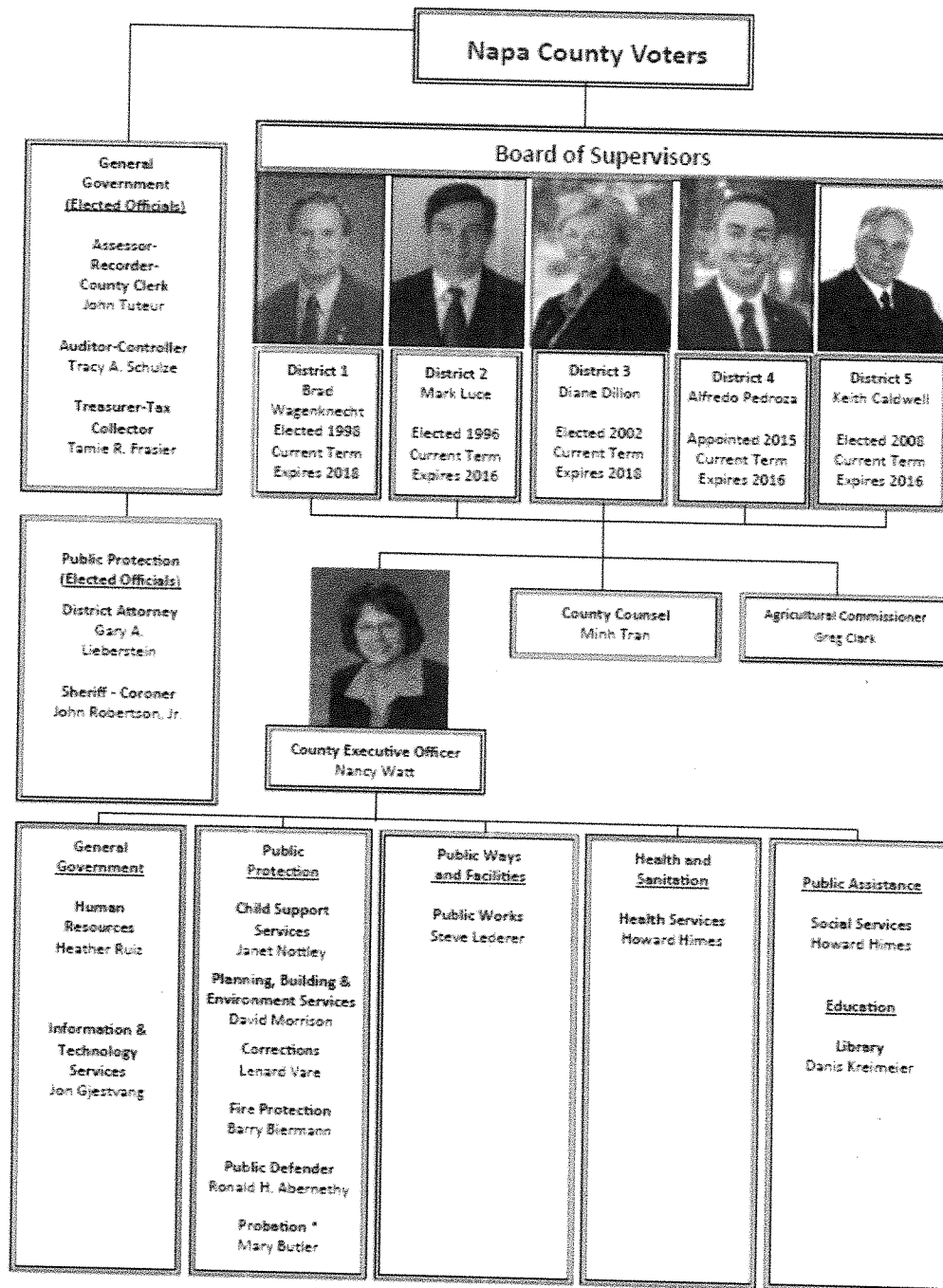
The appellant shall have the right to testify at the hearing, to be represented by counsel, to present witnesses on his behalf, and to present oral and written documents and evidence on the issue.

After the conclusion of the hearing, the Board of Supervisors shall make findings of fact and a decision concerning the issue(s).

In the event of a timely protest under this section, the County shall not proceed further with the solicitation or the award of the contract or purchase order until the protest is resolved, unless the Purchasing Agent, in consultation with the head of the using department and County Counsel, makes a written determination that the award of the purchase order or contract without further delay is necessary to protect a substantial interest of the County.

NAPA COUNTY REQUEST FOR PROPOSALS

APPENDIX A ORGANIZATION CHART



* Appointed by the Napa County Superior Court.

**NAPA COUNTY
REQUEST FOR PROPOSALS**

**APPENDIX B
PROPOSER GUARANTEES**

- I. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.
- II. The proposer has read Appendix E, Standard Legal Format to be used in the audit contract, and agrees that the rights and prerogatives as detailed in that appendix are retained by Napa County.
- III. The proposer agrees to be bound by the Standard Legal Format to be used in the audit contract delineated in Appendix E.

Signature of Official: _____

Name (typed):

Title:

Firm:

Date:

**NAPA COUNTY
REQUEST FOR PROPOSALS**

**APPENDIX C
PROPOSER WARRANTIES**

- I. Proposer warrants that it is willing and able to comply with State of California laws with respect to foreign (non-state of California) corporations.
- II. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- III. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of Napa County.
- IV. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
- V. Proposer warrants the information provided is genuine and not a sham, collusive, or made in the interest or in behalf of any party not therein named, and that the respondent has not directly or indirectly induced or solicited any other respondent to put in a sham proposal, or any other respondent to refrain from presenting information and that the prospective provider has not in any manner sought by collusion to secure an advantage.
- VI. Proposer warrants they have not paid or agreed to pay any fee or commission, or any other thing of value contingent upon the award of an exclusive operating area, to any employee, official, or existing contracting consultant of the County of Napa.

Signature of Official: _____

Name (typed):

Title:

Firm:

Date:

NAPA COUNTY
REQUEST FOR PROPOSALS

APPENDIX D

Page 1

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
CERTIFICATION

The certifies that the person signing the proposal is entitled to represent the firm, empowered to submit the proposal, and authorized to sign a contract with Napa County.

Signature of Official: _____

Name (typed):

Title:

Firm:

Date:

Contact Information

- Email:

- Phone:

**NAPA COUNTY
REQUEST FOR PROPOSALS**

APPENDIX D

Page 2

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2016 FINANCIAL STATEMENTS**

<u>County Audit/CAFR/Single Audit:</u>	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Cost of Printing and Binding CAFR				_____
Total all-inclusive maximum price for 2016 County Audit/CAFR/Single Audit				\$ _____

Non-CAFR Entities:

Treasury Oversight Committee	_____
Napa Vallejo Waste Management Authority	_____
Upper Valley Waste Management Agency	_____
Napa County Children and Families Commission	_____
Napa County Flood Protection and Watershed Improvement Authority	_____
Napa County Local Agency Formation Commission	_____
Napa County Transportation Development Act Funds	_____
In Home Support Services Public Authority of Napa County	_____
Napa County Regional Park and Open Space District	_____
Napa County Housing Authority	_____
Napa Sanitation District	_____

**NAPA COUNTY
REQUEST FOR PROPOSALS**

APPENDIX D

Page 3

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2017 FINANCIAL STATEMENTS**

<u>County Audit/CAFR/Single Audit:</u>	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Cost of Printing and Binding CAFR				_____
Total all-inclusive maximum price for 2017 County Audit/CAFR/Single Audit				\$ _____

Non-CAFR Entities:

Treasury Oversight Committee	_____
Napa Vallejo Waste Management Authority	_____
Upper Valley Waste Management Agency	_____
Napa County Children and Families Commission	_____
Napa County Flood Protection and Watershed Improvement Authority	_____
Napa County Local Agency Formation Commission	_____
Napa County Transportation Development Act Funds	_____
In Home Support Services Public Authority of Napa County	_____
Napa County Regional Park and Open Space District	_____
Napa County Housing Authority	_____
Napa Sanitation District	_____

**NAPA COUNTY
REQUEST FOR PROPOSALS**

APPENDIX D

Page 4

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2018 FINANCIAL STATEMENTS**

<u>County Audit/CAFR/Single Audit:</u>	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Cost of Printing and Binding CAFR				_____
Total all-inclusive maximum price for 2018 County Audit/CAFR/Single Audit				\$ _____

Non-CAFR Entities:

Treasury Oversight Committee	_____
Napa Vallejo Waste Management Authority	_____
Upper Valley Waste Management Agency	_____
Napa County Children and Families Commission	_____
Napa County Flood Protection and Watershed Improvement Authority	_____
Napa County Local Agency Formation Commission	_____
Napa County Transportation Development Act Funds	_____
In Home Support Services Public Authority of Napa County	_____
Napa County Regional Park and Open Space District	_____
Napa County Housing Authority	_____
Napa Sanitation District	_____

**NAPA COUNTY
REQUEST FOR PROPOSALS**

APPENDIX D

Page 5

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2019 FINANCIAL STATEMENTS**

<u>County Audit/CAFR/Single Audit:</u>	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Cost of Printing and Binding CAFR				_____
Total all-inclusive maximum price for 2019 County Audit/CAFR/Single Audit				\$ _____

Non-CAFR Entities:

Treasury Oversight Committee	_____
Napa Vallejo Waste Management Authority	_____
Upper Valley Waste Management Agency	_____
Napa County Children and Families Commission	_____
Napa County Flood Protection and Watershed Improvement Authority	_____
Napa County Local Agency Formation Commission	_____
Napa County Transportation Development Act Funds	_____
In Home Support Services Public Authority of Napa County	_____
Napa County Regional Park and Open Space District	_____
Napa County Housing Authority	_____
Napa Sanitation District	_____

**NAPA COUNTY
REQUEST FOR PROPOSALS**

APPENDIX D

Page 6

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2020 FINANCIAL STATEMENTS**

<u>County Audit/CAFR/Single Audit:</u>	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (specify):	_____	_____	_____	_____
Cost of Printing and Binding CAFR				_____
Total all-inclusive maximum price for 2020 County Audit/CAFR/Single Audit				\$ _____

Non-CAFR Entities:

Treasury Oversight Committee	_____
Napa Vallejo Waste Management Authority	_____
Upper Valley Waste Management Agency	_____
Napa County Children and Families Commission	_____
Napa County Flood Protection and Watershed Improvement Authority	_____
Napa County Local Agency Formation Commission	_____
Napa County Transportation Development Act Funds	_____
In Home Support Services Public Authority of Napa County	_____
Napa County Regional Park and Open Space District	_____
Napa County Housing Authority	_____
Napa Sanitation District	_____



BROWN ARMSTRONG

Certified Public Accountants

Technical Proposal

**RFP Number: ACO011601
Proposal for Professional
Auditing Services
County of Napa
March 4, 2016**

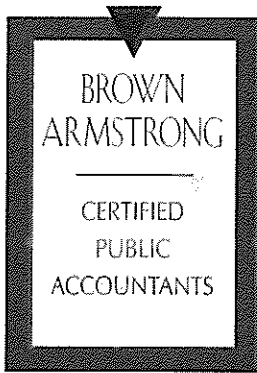
MASTER COPY

Jian Ou-Yang, CPA/Partner
T: (209) 451-4833
E: jyang@bacpas.com
5250 Claremont Ave., Suite 237
Stockton, CA 95207

BROWN ARMSTRONG

Certified Public Accountants

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BROWN ARMSTRONG

Certified Public Accountants

Transmittal Letter

March 4, 2016

Robert Minahen
Assistant Auditor-Controller
County of Napa
1195 Third Street, Room B-10
Napa, CA 94559

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CA 93711
TEL 559.476.3592
FAX 559.476.3593

PASADENA OFFICE

260 S. LOS ROBLES AVENUE
SUITE 310
PASADENA, CA 91101
TEL 626.204.6542
FAX 626.204.6547

STOCKTON OFFICE

5250 CLAREMONT AVENUE
SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833

Dear Mr. Minahen,

Brown Armstrong Accountancy Corporation is pleased to submit this proposal to perform financial and compliance audits of the County of Napa (the County) for the fiscal years ending June 30, 2016, 2017, and 2018, with the option of extending the term for each of the two (2) subsequent fiscal years. We believe our proposal exceeds the requirements outlined in your request for proposal.

We have thoroughly read your request for proposal and feel that we are the best candidate to meet your needs. We are committed to performance and efficient completion of this audit on or before the dates specified in your request for proposal.

Brown Armstrong is one of the largest regional accounting firms in Central California. Our mission is simple, we are set out "to exceed expectations and provide opportunities" for our clients. Our seventy-three (73) employees lead us in achieving this mission by working with our clients individually to overcome any challenges with a special combination of knowledge and experience county and municipal audits. We have audited numerous agencies similar to for four decades. We are experts in governmental accounting and auditing and have assisted numerous clients in receiving the Certificate of Achievement for Excellence in Financial Reporting.

At Brown Armstrong, we understand that your timeframes must be met. As one of our key strengths, we develop an approach by which specific deliverables are achieved within set timeframes. We will work with you to develop a timeline that meets your specific requirements, meeting dates, field work dates, status reporting dates, and final report dates.

Our firm partners, managers, and seniors are actively involved in trade associations such as Government Finance Officers Association (GFOA), and the California Society of Municipal Finance Officers. Several of our Partners are pro bono recognized reviewers for the GFOA Certificate of Achievement Award Committee. We enthusiastically contribute our time to this Award process because as we review CAFRs from all across the United States, we maintain current, up-to-date knowledge of municipal accounting principles.

Beyond the activity in trade associations, we offer our clients the education and organization to prepare themselves for upcoming regulation and compliance changes.

Our approach, people, commitment to timelines, and dedication to financial reporting excellence makes Brown Armstrong the best-qualified firm to meet your needs.

Brown Armstrong will not be using any subcontractors on this engagement as we feel that our full involvement is necessary to build a relationship with our client.

I will be the engagement partner and primary liaison responsible for all services provided to the County, and I am entitled to represent the firm, empowered to submit this bid, and authorized to negotiate and sign a contract with the County. I can be contacted at 5250 Claremont Ave, Suite 237, Stockton, CA 95207, Tel (209) 451-4833, Fax (661) 324-4997, or by email at jyang@bacpas.com.

Please contact me if I can clarify or expand on any item contained in this proposal. We are available for an oral presentation, if requested. This proposal is a firm and irrevocable offer for one hundred twenty (120) days. We appreciate the opportunity to provide you with the outstanding service you expect and deserve.

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



By: Jian Ou-Yang, CPA
Principal

BROWN ARMSTRONG

Certified Public Accountants

County Audit Experts

Brown Armstrong is a full service regional accounting firm. We base our success on the relationships fostered, and performance of the best quality service possible. Our partners and staff are not strangers to auditing counties. The team assembled for you has been specially chosen to fit your needs. From staff accountant to partner, this group is trained to understand county audit requirements and carry out the desired scope of work based on your needs.

Not only is our team of professionals trained to perform audits, but all members have experience auditing counties similar to Napa. This knowledge and background will lead to an efficient, timely, and quality audit that will keep your operation running smoothly.

1. General Requirements

The purpose of this technical proposal is to demonstrate the qualifications, competence and capacity of Brown Armstrong to undertake an independent audit of the County of Napa (the County) in conformity with the requirements of the request for proposals.

2. Independence

Our firm, its shareholders, and employees are independent of the County and its component units, as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards* (2007 Revision), of the County and the non-CAFR entities as listed with the Request for Proposal.

Brown Armstrong has not has any professional relationships involving the County or any of its agencies, component units or primary government for the past five (5) years. We have no conflict of interest relative to performing the proposed audit.

3. License to Practice in California

Our firm and all assigned key professional staff are properly licensed to practice in the State of California.

4. Firm Qualifications and Experience

Established in 1974, Brown Armstrong is one of the largest accounting firms serving California. We have built a full service accounting and consulting firm serving clients from San Diego to Sonoma County. The dimension that Brown Armstrong is able to offer the County is dedicated years in public accounting, which has enabled us to become a true asset to your organization and an assistant to your financial success. Now, with seventy-three (73) highly skilled employees, Brown Armstrong continues its

TECHNICAL PROPOSAL

growth as a regional firm by offering auditing, tax, accounting, consulting, and assurance services to governmental entities, nonprofits, corporations, partnerships and individuals in California.

Our governmental audit staff is made up of forty-two (42) professionals who are experts in their field. We have crafted expertise in auditing the public sector since the birth of the company. Through tireless planning, relationship building, and knowledge of the realm, we are dedicated to serving our clients and exceeding their needs and expectations. We have four (4) offices located throughout the state of California. Our main office is located in Bakersfield, California. We have additional offices in Fresno, Pasadena, and Stockton to better serve our client's needs. All of the work performed on this engagement will be from our Bakersfield, Stockton, and Fresno offices.

The firm now employs 73 people as follows:

Personnel	Total	Government*
Shareholders (Partners)	9	6
Managers	15	8
Seniors	6	5
Staff Accountants	22	22
Technicians and Other Support	<u>21</u>	<u>1</u>
Total	<u>73</u>	<u>42</u>

* Indicates employees involved in providing services to local governments.

All staff assigned to this engagement will be employed on a full-time basis.

Our firm policy is to provide staff consistency on engagements; however; having a large public sector focus allows us to provide options for staff rotation if requested.

We are not proposing as a joint venture or consortium.

External Quality Control Reviews

As part of our commitment to quality control, our firm is a member of the Center for Public Firms Auditors Section (Center) of the American Institute of Certified Public Accountants (AICPA). We have completed several External Quality Control reviews under the AICPA's guidance, all of which included one or more governmental audits and resulted in unqualified opinions. Exhibit I of this proposal contains a copy of our most recent peer review with a "pass" rating.

Desk or Field Reviews and Disciplinary Actions

Our firm has been subjected to one field review during the past three years. All of our reports are subjected to annual desk reviews by federal and state cognizant agencies. All of our reports for the past three years were accepted by these agencies. We have had no disciplinary action taken against the Firm or any of its members within the past three years, nor do we have any actions pending at the date of this proposal.

Continuing Professional Education

Our employee's growth is important to us. We don't just recruit great talent, we foster it. Brown Armstrong is committed to go above and beyond the compliance with auditing standards generally accepted in the United States of America. We ensure that all of our professional staff meets continuing professional education (CPE) requirements.

Each year Brown Armstrong organizes four days of CPE seminars in Bakersfield (two, two-day sessions covering 32 hours of CPE) for its professional staff and clients' personnel. One of the two-day CPE seminars is in the middle of January. It covers accounting and auditing updates relating to for-profit businesses (FASB, PCAOB, and SAS). Another two-day CPE seminar covering primarily governmental accounting and auditing updates (GASB, Yellowbook, Single Audit) is typically in May. The course material covers emerging issues, current pronouncements, auditing standards, risk alerts, information systems, reporting issues, and other topics of interest which concern auditing and accounting with an emphasis on governmental issues. Course materials are prepared by professional lecturers, our partners, managers, and seniors based on their own experience, research, and learning. Last year's attendance included Brown Armstrong professionals, nearly 60 clients, and their accounting staff.

In-house training is provided to our junior professional staff annually and covers a range of topics from taxation to information systems. These sessions are usually conducted over several days; both in spring and late fall. Frequently our clients request that members of their accounting divisions be included in our in-house training, and we are happy to help our client's staff achieve their continuing professional education requirements.

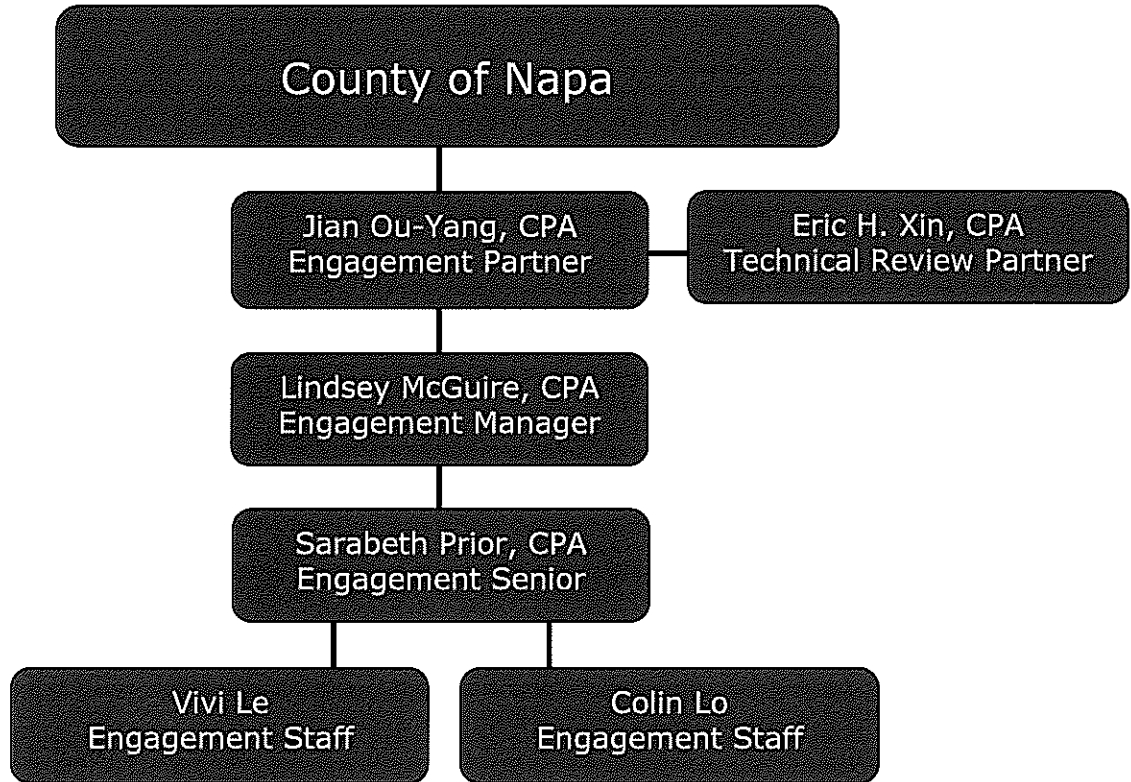
5. Partner, Supervisory and Staff Qualifications and Experience

When you choose Brown Armstrong for your auditing services, you aren't just choosing an accountant; you're choosing a resource, a friend, and an expert. You don't need to dread your upcoming audit, the audit team assigned to your engagement will not only meet the deadlines you have in place, but will work with you to keep you current on the latest regulations. Our professional auditing staff is experienced in working with clients in all levels of the public sector, but the team we have chosen for you have specific skills that make them the best fit for your needs. Our staff will be there when you need them, and they will be continually involved in the audit procedures. This will allow you to have access to decision makers and the resources you need at all times.

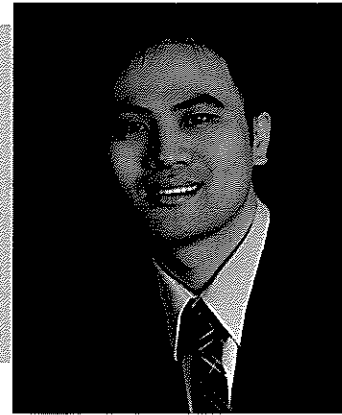
From our governmental audit staff of forty-two (42), we have assembled an audit team consisting of members who are extremely qualified to perform your audit. All team members notated as a CPA are registered or licensed to practice as a certified public accountant in California.

Below is an organizational chart of the proposed engagement team structure. Resumes and continuing professional education information for these individuals can be found on the following pages.

**County of Napa
Professional Audit Services**



Jian Ou-Yang, CPA
Engagement Partner



Jian Ou-Yang is a principal with over 12 years of experience in governmental accounting. Jian has grown within the firm serving a diverse client base. His expertise ranges from municipal entities and special districts to retirement systems and nonprofit organizations. He enjoys working "hands-on" with his clients and will never be too far away from audit procedures.

Jian has always ensured that we have the highest level of audit and consulting services for all of his clients. He is actively involved in a number of professional organizations such as the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, and the California Municipal Finance Officers Association.

Roles and Responsibilities

- Overall responsibility for the audit and delivery of client service
- Approves the overall audit risk assessment and audit procedures
- Communicates with executive management, and members of the County, regarding audit planning, fieldwork and reporting
- Available throughout the year to ensure proactive issue identification and service delivery

Clients Served

*Only chosen clients are listed

Counties

County of Kern
County of San Joaquin
County of Santa Barbara
County of Santa Cruz
County of Stanislaus

Cities

City of Bakersfield
City of Burlingame
City of Seaside
City of Tulare
City of Visalia

Special Districts

Kern County Water Agency
San Joaquin Area Flood Control Agency

School Districts

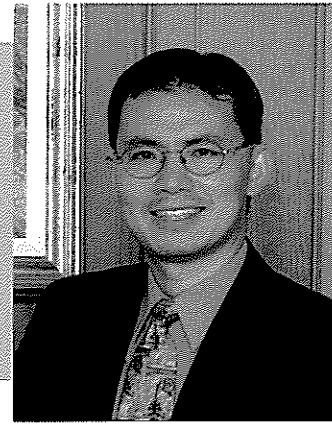
Visalia Unified School District

Education

Cal Poly San Luis Obispo,
2002

Bachelor of Science in
Economics
Concentration in Accounting

Eric H. Xin, CPA, MBA
Technical Review Partner



Eric Xin, a partner at Brown Armstrong, will be the Technical Review partner for this engagement. He has over 18 years experience in auditing governmental entities and brings expertise in many areas. His primary audit focus is in counties, cities, and special districts.

Not only does he have experience in the audit process, but he will be an integral member of the team when it comes to keeping standards up to date. He is a reviewer for the GFOA Certificate of Achievement Program and reviews the Governmental Accounting Standards Board (GASB) advisory committees' latest pronouncements. He is actively involved in a number of professional organizations such as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Education

Nankai University, China,
July 1989
B.S., Business

California State University,
Bakersfield, June 1996
Masters of Business Administration

Roles and Responsibilities

- Responsible for assisting the Engagement Partner in performing the audit risk assessment and design audit procedures.
- Assists in audit documentation review in significant areas.
- Reviews financial statements to ensure they are in conformance with GAAP and GFOA requirements.
- Advises the audit team regarding technical matters and provides concurring approval of financial statements and audit reports.

Clients Served

*Only chosen clients are listed

Counties

County of Kern
County of Santa Barbara
County of Merced
County of Fresno
County of Riverside
County of Stanislaus
County of Tulare
County of San Joaquin
County of Kings

Cities

City of Fresno
City of Bakersfield
City of Visalia
City of Tulare
City of Santa Barbara
City of Modesto
City of Delano

Special Districts

Westside Health Care District
Los Osos Community Services District
San Joaquin Valley Air Pollution - Control District

Lindsey B. McGuire, CPA
Engagement Manager



Lindsey is the engagement manager of the project. She has more than 8 years of governmental auditing experience. She has been with the firm since August of 2012 and her primary business focus is governmental entities audit and accounting. Her audit specialties include special districts, counties, cities, and retirement systems.

Lindsey will be highly involved in the field work and a face to face presence for Brown Armstrong. She and the senior accountant will be easily accessible for the District at all times. Her ability to manage an audit has become invaluable for Brown Armstrong. She is actively involved in a number of professional organizations such as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Roles and Responsibilities

- Reports to the Partners regarding audit and technical matters.
- Assists in the coordination of planning, fieldwork, and reporting matters.
- Reviews audit documentation for significant audit areas.
- Is in constant communication with executive management, and members of the County regarding audit planning, fieldwork, and reporting.

Clients Served

*Only chosen clients are listed

Counties

County of Kern
County of Merced
County of Riverside
County of Santa Barbara
County of Santa Cruz
County of Tulare

Cities

City of Bakersfield
City of Visalia

Retirement Systems

Kern County Deferred Compensation Plans
Public Employees Retirement System of Nevada Portfolio
San Joaquin County Employees Retirement Association
San Luis Obispo County Pension Trust
Southwest Contractors, Inc. Profit Sharing Plan

Education

Azusa Pacific University, 2006

Bachelors of Science Degree in Accounting

Sarabeth Prior, CPA
Engagement Senior



Education

California State University,
Bakersfield

Bachelor of Science Degree in
Business Administration,
Concentration in Accounting

Clients Served

*Only chosen clients are listed

Counties

County of Kern
County of Merced
County of San Joaquin
County of San Luis Obispo
County of Santa Barbara

Cities

City of Modesto

Special Districts

Buena Vista Water Storage District
Goleta Water District
Eastern Kern Air Pollution Control District
Rosamond Community Services District

Transits

San Joaquin Council of Governments
Riverside Transit Agency
Stanislaus Council of Governments

Sarabeth is an audit senior with three years of governmental auditing experience. She has shown excellent performance in leading fieldwork, compiling and preparing financial statements, performing tests and analytical reviews, as well as creating strong working relationships with clients. She has executed audits in the past with little issues and is great at maximizing efficiency while performing audit work.

Roles and Responsibilities

- Leading fieldwork audit team
- Reviews, analyzes, and documents client internal controls.
- Completes complex audit procedures.
- Researches and performs tests and analytical reviews on issues under direction of the Engagement Manager.
- Reviews financial statements and workpapers before sending the drafts to Engagement Manager and partners for further review.

Vivi Le
Engagement Staff

Education

University of California, Santa Barbara, 2013

Bachelor of Arts Degree in Economics and Accounting

Clients Served

*Only chosen clients are listed

Counties

County of Fresno
County of Kings
County of Santa Cruz
County of Santa Barbara
County of San Luis Obispo
County of Tulare

Cities

City of Lindsay
City of Modesto
City of Visalia

Special Districts

Fresno Metropolitan Flood Control District

Joint Powers Authority

Modesto Ceres Fire Protection Agency
Modesto Regional Fire Authority

Retirement Systems

City of Fresno Retirement System

First 5 Commissions

County of Stanislaus
County of Kings
County of Merced

Colin Lo, MA
Engagement Staff

Education

University of the Pacific, 2014

Bachelor of Science in Accounting

Masters of Accounting

Clients Served

*Only chosen clients are listed

Counties

County of San Joaquin
County of Stanislaus

Cities

City of Burlingame

First 5 Commissions

County of San Joaquin

Special Districts

Fresno Metropolitan Flood Control District
San Joaquin Area Flood Control Agency

Retirement Systems

Contra Costa County Employees' Retirement Association
San Mateo County Employees' Retirement Association
Fresno County Employees' Retirement Association
Sonoma County Employees' Retirement Association

Transit Districts

Central Contra Costa Transit Authority
San Joaquin Council of Governments TDA

Continuing Professional Education

***Relevant Education Listed**

Jian Ou-Yang

Ethical and Legal Standards for CPAs, 2016
Public Company Update: SEC, PCAOB, and Other Developments, 2016
GASB Update/Fiduciary Responsibilities of Public Officials, 2015
Audit Update and Pension Accounting/Financial Reporting, 2015
Accounting and Auditing Update, 2015
Fraud and the CPA Profession, 2015
GAAP Update, 2014
California Frauds, Scams and Scandals, 2014
Accounting and Auditing Update, 2014
Annual Governmental GAAP Update, 2014
The Pension Challenge: Critical Issues, to Implementing the New GASB Pension Standards, 2014
The 2013 OMB Compliance Supplement and Proposed Single Audit, 2013
IT Audits & What to Pay Attention To, 2013
The Detection and Prevention of Fraud in Financial Statements, 2013
Audit Update, Single Audit and Ethics, 2013
GASB Update, 2013
Advanced Accounting and Auditing Training, 2013
PCAOB Training, 2013

Eric Xin

Ethical and Legal Standards for CPAs, 2016
Public Company Update: SEC, PCAOB, and Other Developments, 2016
GASB Update/Fiduciary Responsibilities of Public Officials, 2015
Accounting and Auditing Update, 2015
Fraud and the CPA Profession, 2015
GASB 38 Implementation Briefing, 2015
OMB A133 Update – Audits of State, Local and Nonprofits, 2014
GAAP Update, 2014
California Frauds, Scams and Scandals, 2014
Accounting and Auditing Update, 2014
The 2013 OMB Compliance Supplement and Proposed Single Audit, 2013
Audit Update, Single Audit and Ethics, 2013
GASB Update, 2013
PCAOB Training, 2013
The New GASB Pension Standards - An Auditor's Perspective, 2013

Lindsey McGuire

Ethical and Legal Standards for CPAs, 2016
Public Company Update: SEC, PCAOB, and Other Developments, 2016
GASB Update/Fiduciary Responsibilities of Public Officials, 2015
Audit Update and Pension Accounting/Financial Reporting, 2015
Fraud and the CPA Profession, 2015
Accounting and Auditing Update, 2015
California Frauds, Scams and Scandals, 2014
Accounting and Auditing Update, 2014
Performing Effective and Efficient Single Audits, 2014
Annual Governmental GAAP Update, 2013
The New Data Collection Form and Important Clearinghouse System Changes, 2013
The 2013 OMB Compliance Supplement and Proposed Single Audit, 2013

Sarabeth Prior

Ethical and Legal Standards for CPAs, 2016
Public Company Update: SEC, PCAOB, and Other Developments, 2016
GASB Update/Fiduciary Responsibilities of Public Officials, 2015
Audit Update and Pension Accounting/Financial Reporting, 2015
Accounting and Auditing Update, 2015
Fraud and the CPA Profession, 2015
GAAP Update, 2014
California Frauds, Scams and Scandals, 2014
Accounting and Auditing Update, 2014

Vivi Le

Ethical and Legal Standards for CPAs, 2016
Public Company Update: SEC, PCAOB, and Other Developments, 2016
GASB Update/Fiduciary Responsibilities of Public Officials, 2015
Audit Update and Pension Accounting/Financial Reporting, 2015
Accounting and Auditing Update, 2015
Fraud and the CPA Profession, 2015

Colin Lo

Ethical and Legal Standards for CPAs, 2016
Public Company Update: SEC, PCAOB, and Other Developments, 2016
GASB Update/Fiduciary Responsibilities of Public Officials, 2015
Audit Update and Pension Accounting/Financial Reporting, 2015
Accounting and Auditing Update, 2015
Fraud and the CPA Profession, 2015

Staff Continuity

We want to provide the most stable staffing available during our partnership. Excessive personnel turnover can complicate engagements and decrease the efficiency of the audit due to "catch-up" time needed. The engagement partner, manager, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons only with the express prior written permission of the County. We understand that the County retains the right to approve or reject replacements. In addition, any consultants and firm specialists mentioned in this proposal can only be changed with the express prior written permission of the County, which retains the right to approve or reject replacements. We also understand that other audit personnel may be changed at our discretion, provided that replacements have substantially the same or better qualifications or experience.

The quality of the staff over the term of the agreement will be assured because of our aggressive in-house governmental audit and accounting continuing education classes, and our unsurpassed on-the-job training.

6. Prior Engagements with Napa County

We have had no prior engagements with the County.

7. Similar Engagements with other Governmental Entities

Our firm has extensive California Governmental experience. We currently audit counties, cities, and numerous other local governments. Exhibit II of this proposal presents a summary of our recent governmental experience. Following is a list of the most significant engagements performed in the last five years that are similar to your County's engagement:

County of San Joaquin	2010-Present
Scope of Work:	CAFR/Single Audit/GANN Limit/Hospital/Airport/First 5
Engagement Partner:	Jian Ou-Yang, CPA
Total Hours:	2,000

TECHNICAL PROPOSAL

Contact:	Jeffery Woltkamp, CPA, CGMA, Assistant Auditor-Controller (209) 468-0801 jwoltkamp@sjgov.org
County of Stanislaus	2007-Present
Scope of Work:	CAFR/Single Audit/Health Services Agency
Engagement Partner:	Jian Ou-Yang, CPA
Total Hours:	1,500
Contact:	Lauren Klein, Auditor-Controller (209) 525-6398 kleinL@stancounty.com
County of Santa Barbara	2007-Present
Scope of Work:	CAFR/Single Audit/First 5
Engagement Partner:	Eric Xin, CPA, MBA/ Jian Ou-Yang, CPA
Total Hours:	1,200
Contact:	Theo Fallati, Assistant Auditor-Controller (805) 568-2102 fallati@co.santa-barbara.ca.us
County of Santa Cruz	2014-Present
Scope of Work:	CAFR/Single Audit/RDA Successor Agency/Sanitation District
Engagement Partner:	Jian Ou-Yang, CPA
Total Hours:	1,200
Contact:	Edith Driscoll, Auditor-Controller Treasurer and Tax Collector (831) 454-2683 edith.driscoll@santacruzcounty.us
County of Kern	1989-Present
Scope of Work:	CAFR/Single Audit/CSA/Hospital
Engagement Partner:	Eric Xin, CPA, MBA
Total Hours:	1,100
Contact:	Matthew Henry, Chief, Financial Accounting & Reporting (661) 868-3557 henrym@co.kern.ca.us

8. Specific Audit Approach

The audit will be performed 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* (2007), the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and any subsequent revisions or amendments to the above listed standards.

TECHNICAL PROPOSAL

If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, we will promptly notify the County's management. We will not perform extended services unless mutually agreed upon by both parties.

Following is our detailed audit work plan to be followed to perform the services included in your request for proposal.

Planning

During this phase of the audit, we will:

- < Confer with management to coordinate our efforts with the County's efforts in terms of confirmations, schedules to be prepared, and critical dates to be met to ensure a smooth flow of the audit process;
- < Prepare a preliminary assessment of the County's internal control structure including controls over federal and state financial assistance programs;
- < Prepare a Single-Audit determination checklist for purposes of identifying major and non major programs in accordance with OMB A-133 (as revised); obtain and review applicable compliance supplements to determine the laws and regulations that will be subject to audit test work;
- < Perform review of the Electronic Data Processing (EDP) controls relating to the County's computer system;
- < Perform planning analytical procedures consisting of: (1) Comparative analytics (current balances versus budget and prior year); and (2) Predictive analysis (revenues and expenditures/expenses susceptible to such testing);
- < Confer with management regarding the results of our planning;
- < Submit questionnaires and request for information to management regarding internal control. Our approach will emphasize transaction processing; investments, cash receipts, cash disbursements, payroll, and external reporting; and
- < Obtain an understanding of general ledger and related reports available for audit.

Internal Control Evaluation

During this phase we will obtain an understanding of and evaluate key components of the County's internal control structure. Procedures will consist of:

- < We will review questionnaires and documents obtained from management regarding the internal control structure.

TECHNICAL PROPOSAL

- < We will perform walk-throughs and test of compliance with policies and procedures.
- < We will interview key management personnel to verify or resolve complicated issues.
- < We will summarize potential reportable conditions and opportunities for efficiencies and improvements for discussion with management.

Compliance Testing

Based on our preliminary assessment of the internal control structure, we anticipate performing compliance testing in the following areas:

<u>Area</u>	<u>Sample Size</u>
Capital Assets;	40-60
Receipts and revenues;	40-60
Disbursements and accounts payable; and	40-60
Payroll and related liabilities.	40-60

Ms. Prior and staff assistants will perform compliance testing in July of 2016, with direct supervision by Ms. McGuire and Mr. Ou-Yang. Sample sizes will depend on the extent of reliance placed on the given sample and the volume of transactions involved. Statistical and random sampling will be used to ensure that all samples truly represent the population being tested. We will use audit command language (ACL) software and your on-site automated data system on an "inquiry only" basis for purposes of identifying the postings of items selected for testing. Findings will be discussed with management for accuracy and the process of recommendations immediately started.

Analytical Procedures

We will perform analytical procedures during all phases of our audit (audit planning, field work and audit completion). We will build our expectations based on historical experience and known current year factors and will investigate significant departures at the financial statement level to decide if we can reach our comfort level for certain audit areas. We will also perform substantive analytical procedures, where we use analytical procedures as the principal substantive test of a significant financial statement assertion, based on the auditor's judgment and on the expected effectiveness and efficiency of available procedures.

Approach to Determine Applicable Laws and Regulations Subject to Audit Test Work

Our experience with various municipal audit clients, most with federal or state monies, has created a reservoir of knowledge of many laws and regulations. However, by inquiry and observation, we will determine all major programs participated in by the County. We then consult the actual law, the Federal Register, Catalogue of Federal programs, or the California State Controllers guide to State and Federal Compliance to obtain understanding of the requirements of the law. For major programs, we specifically test those requirements by inspection of documents.

TECHNICAL PROPOSAL

Approach for Drawing Audit Samples for Compliance Tests

Compliance test samples will be drawn usually by statistical sampling techniques. The universe from which the sample is drawn begins at the beginning of the year under audit, and ends with the end of that year. If a null is picked, it is replaced in draw sequence until sufficient live items comprise the planned sample size.

We will request the County to provide us with all disbursements and payroll data files for the year in spreadsheet format from which to draw our samples.

Establishment of Final Audit Plan

Our audit plan will be based on the following:

- Results of our compliance testing;
- Analytical procedures applied to interim financial statements of the County; and
- Entry conference with management.

Final Field Work

We expect to begin the final stages of the work during September of 2016 (subject to County approval), at which time, the following will need to be obtained from the County's staff:

- Detail general ledger and trial balance.
- Information necessary for the schedule of federal financial assistance.
- Combining financial statements.
- County prepared schedules and analysis.

During this phase, we will perform both analytical and substantive procedures such as variance analysis between prior year actual balances vs. current year actual balances and between current year actual balances vs. budget balances, predictive testing, confirming account balances, vouching revenues and expenditures, reviewing estimates for unpaid claims, and reviewing the notes to the financial statements to determine they are in compliance with GASB. We will also test for compliance with applicable laws and regulations.

At the end of our field work, we will discuss any proposed adjustments with management, and we will request a representation letter from management regarding the audit.

Completion of the Audit

At the completion of all of the above procedures, we will agree our workpapers with draft CAFR and perform a technical review of your workpapers for completeness and internal quality control compliance. We will also review the draft CAFR for GFOA and GAAP compliance at our manager and partner level. We will then issue drafts of all required reports, and discuss these drafts with appropriate County personnel. Upon approval by the County, we will issue our reports in final form.

TECHNICAL PROPOSAL

The following Audit Schedule provides a detail of the timing and time requirements for your audit:

DETAILED AUDIT SCHEDULE				
Time Period	Audit Tasks	Staff	Hours	
March	Contract Award			
INTERIM AUDIT PROCEDURES	June/July	Planning and Administration:		
		<ul style="list-style-type: none"> • Review and obtain copies of key work papers of prior audit firm. • Review and evaluate County's accounting and financial reporting. Prepare an overall memo of recommendations, potential issues, and suggestions for improvements. • Entrance conference with Management to discuss audit approach, timing, assistance, and issues. • Prepare overall memo confirming audit procedures, timing, and assistance. • Prepare detailed audit work plan and audit programs, audit budget and staffing schedule. • Coordinate with and assist County staff in the preparation of all appropriate confirmation requests including: <ul style="list-style-type: none"> ○ Bank accounts ○ Investment pool accounts ○ Accounts receivable ○ Federal grants ○ Revenue from governmental agencies ○ Bond and other debts ○ Pension plan ○ Attorney letters ○ Others, as required 	Partner Manager Senior Staff Clerical	20 30 40 120 20

INTERIM AUDIT PROCEDURES	June/July	<p>Internal Control Structure:</p> <ul style="list-style-type: none"> • Obtain and document our understanding of the following key internal control systems through walkthroughs, interviews of staff, and review of supporting documentation: <ul style="list-style-type: none"> ○ Budgeting. ○ Revenue, billing, accounts receivable and cash collections. ○ Purchasing, expenditures, accounts payable and cash disbursements. ○ Payroll. ○ Information technology and electronic data processing. ○ Other key internal control systems, as necessary. • Perform testing of the internal control system and evaluate the effectiveness of the County's systems. Select large dollar and random samples of transactions in key operating systems. Sample size designed to meet assessed/required level of risk. Review supporting documentation of selected transactions, evaluate adequacy of support and approvals, and conclude on degree of adherence to accuracy and compliance with County policies. • Provide to the County management a memo concerning management letter points and identify issues, if any. 	<p>Partner 40 Manager 60 Senior 120 Staff 240 Clerical 8</p>
	June/July	<p>Single Audit and Other Audit Tasks:</p> <ul style="list-style-type: none"> • Obtain or prepare a preliminary Schedule of Expenditures of Federal Awards. • Perform audit tests of grant programs and Compliance with Federal Law and Regulations. Review grant documents; select sufficient number of transactions to test for compliance of Federal General and Specific requirements. • Review minutes of Board meetings and other key Committees. • Hold weekly conferences with Management. • Complete interim work by July 2016. 	<p>Partner 20 Manager 30 Senior 40 Staff 80 Clerical 4</p>

YEAR END AUDIT PROCEDURES

**August/
September**

Year End Audit Procedures:

- Entrance conference with Management.
- Follow-up on all outstanding confirmations.
- Verify and validate account balances by reviewing invoices, vouchers, resolutions, minutes and other documentation, as required.
- Perform analytical review of revenues and expenditures. Determine reason for all material differences between budget and actual.
- Perform a search for unrecorded liabilities by reviewing disbursements subsequent to June 30, testing terms of contractual obligations, and interviewing staff.
- Perform review of subsequent events by discussions with Management and review of all minutes of the Board and other key committees.
- Complete procedures for single audit programs.
- Complete relevant procedures on the following entities:
 - Treasury Oversight Committee
 - Napa Vallejo Waste Management Authority
 - Upper Valley Waste Management Agency
 - Napa County Children and Families Commission (First 5)
 - Napa County Flood Protection & Watershed Improvement Authority
 - Napa County Flood Control and Water Conservation District
 - Napa County Local Agency Formation Commission
 - Napa County Transportation Development Act Funds
 - In-Home Support Services Public Authority of Napa County
 - Napa County Parks and Open Space District
 - Napa County Housing Authority
 - Napa Sanitation District
- Hold weekly progress conferences with Management.
- Test and analyze the information related to the GANN Limit.

Partner	40
Manager	60
Senior Staff	120
Clerical	8

AUDIT REPORTS	October/ November	Audit Reports:		
		• Review audit workpapers.	Partner	60
		• Issue draft reports:	Manager	80
		○ County Financial Statements	Senior	40
		○ Single Audit Report	Staff	40
		○ GANN Limit	Clerical	60
		○ Management Letter		
		○ Required Communication Under SAS 114 and SAS 115	Total	
		○ Treasury Oversight Committee	Hours:	1,620
		○ Napa Vallejo Waste Management Authority		
	○ Upper Valley Waste Management Agency			
	○ Napa County Children and Families Commission (First 5)			
	○ Napa County Flood Protection & Watershed Improvement Authority			
	○ Napa County Flood Control and Water Conservation District			
	○ Napa County Local Agency Formation Commission			
	○ Napa County Transportation Development Act Funds			
	○ In-Home Support Services Public Authority of Napa County			
	○ Napa County Parks and Open Space District			
	○ Napa County Housing Authority			
	○ Napa Sanitation District			
	• Finalize all reports			

9. Identification of Anticipated Potential Audit Problems

We currently do not anticipate any audit problems. However, with our history of working with numerous local entities, often the greatest challenge and area that causes the most audit problems for local agencies are the handling and implementation of new GASB standards.

In the event problems are identified during the course of our audit procedures, we will resolve the problem as follows:

- Discussion amongst audit team at the time of identified potential audit problem for consultation and consensus amongst the team.
- Consultation and discussion with appropriate County personnel when identified to ensure all facts are known and agreed upon with the audit team.
- Consultation and discussion with liaison(s).
- Resolution with appropriate County personnel.
- If applicable, a management letter will be submitted documenting the criteria, condition, cause and effect of the issue, along with our recommendation and management's response and corrective action plan.

EXHIBIT I

External Quality Control Review Report



System Review Report

To the Shareholders of
Brown Armstrong Accountancy Corporation
and the National Peer Review Committee of the AICPA

We have reviewed the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation (the firm) applicable to non SEC issuers in effect for the year ended October 31, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based upon our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation applicable to non SEC issuers in effect for the year ended October 31, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Brown Armstrong Accountancy Corporation has received a peer review rating of *pass*.


WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 8, 2013

AN INDEPENDENT
MEMBER OF BAKER TILLY
INTERNATIONAL

WEAVER AND TIDWELL LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
WWW.WEAVERLLP.COM

DALLAS
12221 MERIT DRIVE, SUITE 1400, DALLAS, TX 75251
P:(972) 490 1970 F:(972) 702 8321

EXHIBIT II

Summary of Recent Governmental Experience

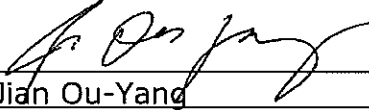
CITIES	GOVERNMENTAL RETIREMENT PLANS	SPECIAL DISTRICTS
City of Bakersfield City of Baldwin Park City of Burlingame City of Delano City of Fresno City of Lindsay City of Madera City of Modesto City of Pasadena City of Santa Barbara City of Seaside City of Tulare City of Visalia	Contra Costa County Employees' Retirement Association Fresno City Employees' Retirement System Fresno County Employees' Retirement Association Imperial County Employees' Retirement System Kern County Employees' Retirement Association Los Angeles Fire and Police Pension System Los Angeles City Employees' Retirement System Los Angeles County Employees' Retirement Association Marin County Employees' Retirement Association Merced County Employees' Retirement Association Orange County Employees' Retirement System San Diego City Employees' Retirement System San Diego County Employees' Retirement Association San Joaquin County Employees' Retirement Association San Mateo County Employees' Retirement Association Sonoma County Employees' Retirement Association Tulare County Employees' Retirement Association Ventura County Employees' Retirement Association San Francisco Bay Area Rapid Transit District Money Purchase Plan and Deferred Compensation Plan North Bakersfield Rec. & Park Dist. Pension Plan San Luis Obispo County Employees' Pension Trust Pasadena Fire & Police Retirement System Santa Barbara County Employees' Retirement System Los Angeles Fire and Police Pension System	Port Hueneme Water Agency North Bakersfield Recreation And Park District Shafter Recreation & Park District Bear Mountain Recreation & Park District San Joaquin Valley Air Pollution Control District Westside Cemetery District Westside Mosquito and Control Vector District Minter Field Airport District Fresno Metropolitan Flood Control District Belridge Water Storage District Mojave Public Utility District Bear Valley Springs Homeowners' Association Rose Bowl Operating Company Pasadena Center Operating Company Santa Clara Valley Water District Kern Tulare Water District Fresno Irrigation District Pixley Public Utility District
TRANSIT	RECREATION & PARK DISTRICTS	COUNTIES
Central Contra Costa Transit Authority Golden Empire Transit District Kern Council of Governments Napa County Transportation and Planning Agency Riverside Transit Agency San Joaquin Council of Governments Santa Cruz Metropolitan Transit District Solano County Transit Stanislaus Council of Governments Tulare County Association of Governments	North Bakersfield Recreation & Park District Shafter Recreation & Park District Bear Mountain Recreation & Park District SCHOOL DISTRICTS Bakersfield City School District Delano Union School District Kern County Superintendent of Schools Richgrove Elementary School District Taft Union High School District Visalia Unified School District	County of Fresno County of Kern County of Kings County of Merced County of Monterey County of Riverside County of San Joaquin County of San Luis Obispo County of Santa Barbara County of Santa Cruz County of Stanislaus County of Tulare
NON-PROFITS	HEALTH CARE	
Bakersfield ARC Community Action Partnership of Kern Community Action Partnership of San Luis Obispo Goodwill Industries of South Central California Kern County Bar Association Kern County Library Foundation Missionary Church Western District Pasadena Chamber of Commerce Pasadena Community Access Corporation Tranquil Waters Guidance Center Valley Consortium for Medical Education Women's Center – High Desert	Kern Health Systems Kern Medical Center Liberty Health Advantage Heritage Provider Network Heritage California Medical Group Heritage New York Medical Group Caring Corner Southwest Health Care District West Side Health Care District Riverside County Regional Medical Center San Joaquin County General Hospital Stanislaus County Health Services Agency	

EXHIBIT III

Required Forms

PROPOSER GUARANTEES

- I. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.
- II. The proposer has read Appendix E, Standard Legal Format to be used in the audit contract, and agrees that the rights and prerogatives as detailed in that appendix are retained by Napa County.
- III. The proposer agrees to be bound by the Standard Legal Format to be used in the audit contract delineated in Appendix E.

Signature of Official: 
Name (typed): Jian Ou-Yang

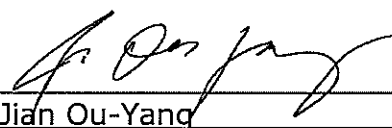
Title: Principal

Firm: Brown Armstrong Accountancy Corporation

Date: March 4, 2016

PROPOSER WARRANTIES

- I. Proposer warrants that it is willing and able to comply with State of California laws with respect to foreign (non-state of California) corporations.
- II. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- III. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of Napa County.
- IV. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
- V. Proposer warrants the information provided is genuine and not a sham, collusive, or made in the interest or in behalf of any party not therein named, and that the respondent has not directly or indirectly induced or solicited any other respondent to put in a sham proposal, or any other respondent to refrain from presenting information and that the prospective provider has not in any manner sought by collusion to secure an advantage.
- VI. Proposer warrants they have not paid or agreed to pay any fee or commission, or any other thing of value contingent upon the award of an exclusive operating area, to any employee, official, or existing contracting consultant of the County of Napa.

Signature of Official: 
Name (typed): Jian Ou-Yang

Title: Principal

Firm: Brown Armstrong Accountancy Corporation

Date: March 4, 2016

EXHIBIT "B"

COMPENSATION AND EXPENSE REIMBURSEMENT

<u>Services</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Financial Statement Audit	\$4,500	\$4,500	\$4,500
Services, if optional years exercised:			
		<u>2018/19</u>	<u>2019/20</u>
Financial Statement Audit		\$4,500	\$4,500