



INTEROFFICE MEMORANDUM

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

Enedina Garcia

Deputy Auditor-Controller

Frank Gomez

Deputy Treasurer-Tax Collector

DATE: May 24, 2024
TO: Audit Committee Members
FROM: Supervisor Nathan Magsig, Audit Committee Chairman
SUBJECT: Audit Committee Meeting

OK
[Signature]
5/21/24

This will confirm the next Audit Committee meeting scheduled on **May 24, 2024 at 11:00 a.m.** in the Board of Supervisors Chambers - Room 301 of the Hall of Records. The following is the agenda for the meeting:

AGENDA

- 1) **Roll Call**
- 2) **Pledge of Allegiance**
- 3) **Approve Agenda**
- 4) **Public Presentations**
This portion of the meeting is reserved for persons desiring to address the Audit Committee briefly on any matter not on this agenda within the Committee's subject matter jurisdiction.
- 5) **Reappointment of Member Vilanova for term expiring December 31, 2025**
- 6) **Approval of the January 5, 2024 Audit Committee Meeting Minutes**
- 7) **Consent Items**
 - a. Approve Quarterly Fraud Report covering January 1, 2024 to March 31, 2024.
- 8) **Discussion and Action Items**
 - a. Review and approve External Audit Services Agreement Award Recommendation to select:
 - I. Brown Armstrong Accountancy Corporation
 - II. CliftonLarsonAllen, LLP (CLA)
 - b. Review and accept the County of Fresno Single Audit Report for the year ended June 30, 2023.

- c. Review and approve the Department of Public Health Payroll Compliance Audit for dates in calendar years 2021 and 2022.
- d. Review and approve the Proposed Audit Plan for fiscal year 2024-25.

9) Staff Updates

10) Adjournment

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Enclosures

Audit Committee Members:

Supervisor Nathan Magsig, Audit Committee Chairman
Supervisor Sal Quintero, Audit Committee Vice-Chairman
Daniel C. Cederborg, County Counsel
Paul Nerland, County Administrative Officer
Kari Gilbert, Department Heads Council Member
Manuel Vilanova, Public Member
Kulwinder Brar, Public Member

Next meeting scheduled on August 9, 2024.



County of Fresno

BOARD OF SUPERVISORS

Chairman
Nathan Magsig
District Five

Vice Chairman
Buddy Mendes
District Four

Brian Pacheco
District One

Steve Brandau
District Two

Sal Quintero
District Three

Bernice E. Seidel
Clerk

January 24, 2024

Manuel Vilanova
12048 E. Shields Ave.
Sanger, CA 93657

Subject: Appointment to Audit Committee

Dear Mr. Vilanova,

We are pleased to inform you that on January 23, 2024, under Chairman Magsig's nomination, you were reappointed by the Board of Supervisors to serve on the **Audit Committee** (hereinafter referred to as "committee") for a term expiring on **December 31, 2025**. We thank you for your interest in serving our County.

Brown Act Requirements

Newly elected and appointed members of a "legislative body" who have not yet assumed office must conform to the requirements of the Brown Act as if already in office (Govt. Code section 54952.1). Until you hear otherwise, you should immediately begin to refrain from any discussions of committee business, with a quorum of the committee, outside a formal committee meeting. If you have any questions about the Brown Act or your responsibilities and duties under it, please consult your committee's legal counsel.

Fresno County Ordinance Code Section 2.68

Please be aware that Fresno County has an attendance policy for those who are appointed to Boards, Commissions and Committees. You may obtain a copy of this policy from the secretary of the committee, by contacting our office or on our website at <https://www.co.fresno.ca.us/departments/clerk-of-the-board-of-supervisors>.

State Mandated Ethics Training

California Government Code Section 53235 provides that if a local agency (which includes special districts) provides any type of compensation, salary, or stipend to a member of a legislative body, or provides for reimbursement for actual and necessary expenses incurred by a member of a legislative body in the performance of official duties, then all local agency officials shall receive training in ethics. Such local agency officials must receive **two hours** of ethics training within one year of commencing service with the local agency and once every two years thereafter. Please consult your committee's staff or legal counsel with questions relating to this requirement.

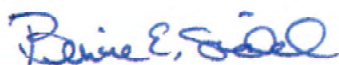
Should you be required to comply with the ethics training requirement, the Fair Political Practices Commission (FPPC) offers **free online training** at <http://localethics.fppc.ca.gov/login.aspx>. This course

requires that you log onto the FPPC's website, review the course content materials, and take periodic tests to assure retention of the information. For those who choose this option, please be aware that the certificate will record how much time an individual spends to complete the online training. You must complete **at least 2 hours** of training time in order to be compliant with the training requirement. **If an individual completes the online training in less than two hours, the certificate will reflect this, indicating that the individual has not completed the required amount of training.**

When you complete the training, you will receive a Proof of Participation certificate to sign and submit to whoever maintains the training compliance records for your committee (e.g., the clerk or secretary for the committee). You should keep a copy of the certificate for your records. The committee is required to retain the certificates as public records for at least five years.

On behalf of the Fresno County Board of Supervisors, we wish to extend sincere appreciation for the time and effort you are giving in service to your community and Fresno County.

Sincerely,

A handwritten signature in blue ink that reads "Bernice E. Seidel". The signature is written in a cursive style.

Bernice E. Seidel
Clerk of the Board

cc: **Audit Committee**



— THE COUNTY OF FRESNO —
BOARD OF SUPERVISORS

CERTIFICATE OF APPOINTMENT

I, NATHAN MAGSIG, Chairman, Board of Supervisors for the
County of Fresno, State of California, do hereby certify that

Manuel Vilanova

was duly reappointed to the
AUDIT COMMITTEE

for a term to expire
December 31, 2025

DATE APPOINTED

JANUARY 23, 2024

NATHAN MAGSIG
BOARD OF SUPERVISORS

CHAIRMAN



DATE RECEIVED

1/8/2024

ENTERED BY

Applicant

COMMITTEE AND POSITION

Committee	Position
Audit Committee	Public Member

PERSONAL INFORMATION

Name	Email
Mr. Manuel Vilanova	manvilanova@gmail.com

Address

Home Preferred
 12048 E. Shields Ave.
 Sanger, CA 93657
 County District 5

Phone

Mobile Preferred
 (559) 999-8035

REFERENCES

Robert Bash	rbash@fresnocountyca.gov	(559) 600-6200	333 W. Pontiac Way Clovis, CA 93612
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GENERAL INFORMATION

How long have you lived in Fresno?

20 years, 0 months

Do you have any obligations that might affect your attendance at scheduled meetings?

No

Are you a County Employee?

Yes
County Departments
ISD

Is your spouse a County employee?

No

Current Employer

County of Fresno

Education

High School, College Degree, Other

Are you currently an officer or member of a policy-making board of a nonprofit organization founded by the County of Fresno?

Are you?

No

Is your spouse?

No

Are you a US Citizen?

Yes

Reason For Applying

Why do you want to become a member of a County Board, Commission, or Committee?

Interest in supporting the county's audit division and provide oversight of their work.

Qualifications

Knowledgeable in government (county) work and processes. Experience overseeing budgets, analyzing financial statements, and business processes in the public sector.

Interests Or Activities

Are there any interests or activities that you wish to bring to the attention of the Board of Supervisors?

No.

Previous Appointments

List past or present County appointments, as well as any other public service appointments, or elected positions held (please list dates served)

Public member of the Audit Committee since 2018.

Experience

What experience or special knowledge can you bring to your area(s) of interest?

Currently serve as Deputy Director in the department of internal services where I provide oversight and support to ISD's business office. Work. ISD has multiple internal services funds that our business that support county departments.

Community Organizations

List community organizations to which you belong

The Well Community Church.

Convictions And Penalties

Have you ever been convicted of a felony? If yes, give dates(s), location(s) and penalties. (Convictions are evaluated for each position and are not necessarily disqualifying).

None.

Affiliations

List any affiliation you or your spouse has with public service agencies

Self: County of Fresno employee. Wife: none.

Additional Information

This space is provided for any additional information you may have about yourself or the position being sought

I would appreciate the opportunity to continue serving in the Audit Committee and welcome the chance participate as a member of the public.

AGREEMENTS

I have no conflict of interests

I have read the [Fresno County Board of Supervisors' Administrative Policy No. 35](#) regarding conflict of interest for Board appointees and agree to abide by the policies and procedures at all times while an appointed member of the interested named committee. At present, to the best of my knowledge, no conflict of interest exists in my serving on this committee.

I am aware of Form 700

I am aware that I may be required to file Statements of Economic Interest forms (Form 700) disclosing certain types of information so that the public can be made aware of potential conflicts of interests. The types of disclosures are: Investments; Interests in Real Property held by a Business Entity or Trust; Investments Held by a Business Entity or Trust Income (other than loans and gifts; Income – Travel Payments, Advances, Reimbursements; Income gifts; Business Positions; Commission Income Received by Brokers, Agents, and Salespersons; Income and Loans to a Business Entity or Trust Income from Rental Property.

Information Is Correct

All information included on this application is true and correct to the best of my knowledge.

Audit Committee

Name	Contact Info	Position	Appointed Date	Term Expiration	Nominated By
Magsig, Nathan	2281 Tulare Street, Rm 300 Fresno, CA 93721 (559) 600-5000 district5@fresnocountyca.gov	BOS Member	01/10/2017	Indefinite	BOS
Quintero, Sal	2281 Tulare Street, Rm 300 Fresno, CA 93721 (559) 600-3000 district3@fresnocountyca.gov	BOS Member	01/10/2017	Indefinite	BOS
Vilanova, Manuel	12048 E. Shields Ave. Sanger, CA 93657 (559) 999-8035 manvilanova@gmail.com	Public Member	01/23/2024	12/31/2025	Magsig
Brar, Kulwinder (Kul)	2749 Bullard Avenue Clovis, CA 93611 (559) 323-9749 kulbrar71@yahoo.com	Public Member	05/09/2023	12/31/2024	Magsig

County of Fresno
Auditor-Controller/Treasurer-Tax Collector
Audit Committee Minutes
Board of Supervisors' Chambers
January 5, 2024 – 10:00 a.m.

MEMBERS PRESENT:

Supervisor Nathan Magsig, Audit Committee Chairman
Supervisor Sal Quintero, Audit Committee Vice-Chairman
Daniel C. Cederborg, County Counsel
Paul Nerland, County Administrative Officer
Kari Gilbert, Department Heads Council Member
Manuel Vilanova, Public Member

Call to Order: Chairman Magsig called to order the regular meeting of the Audit Committee (Committee) on January 5, 2024, at 10:00 a.m. in the Board of Supervisors' Chambers.

1. Roll Call

- Karoll Diaz, Accounting & Financial Manager, Financial Reporting & Audits Division took roll call.

2. Pledge of Allegiance

- Vice-Chairman Quintero led all in attendance with the Pledge of Allegiance.

3. Approve Agenda

- A motion was made by Paul Nerland, seconded by Kari Gilbert, and carried 6-0 to approve the January 5, 2024 agenda.

4. Public Presentations

- This portion of the meeting is reserved for persons desiring to address the Committee briefly on any matter not on this agenda within the Committee's subject matter jurisdiction.
- There being none, the Committee proceeded to hear the next item on the agenda.

5. Approval of December 8, 2023 Audit Committee Meeting Minutes

- There being no public comments, a motion was made by Kari Gilbert, seconded by Vice-Chairman Quintero, and carried 6-0 to approve the December 8, 2023 Audit Committee Meeting Minutes.

6. Consent Items

a) Approve Quarterly Fraud Report covering October 1, 2023 to December 31, 2023.

- There being no public comments, a motion was made by Kari Gilbert, seconded by Paul Nerland, and carried 6-0 to approve agenda item 6a.

7. Discussion and Action Items

a) Review and approve the Department of Public Health Emergency Medical Services Authority (EMSA) Report for fiscal year ended June 30, 2023.

- Karoll Diaz introduced and presented the item.
- There being no public comments, a motion was made by Vice-Chairman Quintero, seconded by Manuel Vilanova, and carried 6-0 to approve agenda item 7a.

b) Review and accept the 2022-2023 County of Fresno Annual Comprehensive Financial Report.

- Paul Sahota, Audit Supervisor, Brown Armstrong Accountancy, introduced and presented the item.
- Supervisor Nathan Magsig, Audit Committee Chairman, inquired if the \$2.2 billion total long-term liabilities, included in the financial highlights section, includes pension obligation bonds. Paul Sahota responded the \$2.2 billion total long-term liabilities is composed of net pension liabilities, compensated absences, GASB 87 leases, among other liabilities.
- Chairman Magsig inquired if the \$287 million bonds payable is the pension obligation bond. Karoll Diaz, responded yes, it includes pension obligation bonds, tobacco bonds, and lease revenue bonds.
- Chairman Magsig inquired about the \$303 million accreted interest. Paul Sahota explained it relates to the bonds, as it is an accretion that happens on additional funding that is invested to pay out the bonds.
- Chairman Magsig inquired if the tobacco tax bond is included as part of Note 11, then followed to say that it was his understanding that the pension obligation bond initial issuance of \$600 million were refinanced after a couple of years. He also inquired if the amount reported on Note 11 included the initial \$600 million issuance plus any interest that will take to pay them off to 2034. Paul Sahota proceeded to state that the amount includes lease revenue bonds, pension obligation bonds, and tobacco tax bonds are also included.
- Chairman Magsig questioned if the Department of Social Services new building lease payments are part of the total liability. Paul Sahota clarified the net pension liability at the beginning of the fiscal year 2023 totaled \$432 million and increased to \$1.1 billion, which was due to actuary assumptions and return on investment.
- Chairman Magsig mentioned the discount rate was lowered over several years and most recently it was lowered from 7% to 6.5%, which he added, would increase unfunded liability. Chairman Magsig proceeded to add, with a lower assumed rate of return the actuary would determine higher contributions are needed to make up the difference in the increase of unfunded liability. Chairman Magsig inquired if the \$700 million change in net pension liability, year to year, was due to FCERA lowering the discount rate and the unfunded liability growing. Paul Sahota responded yes, as well as the money sitting in retirement that gets invested in other financial companies for whom the market decreased in prior years, which resulted in a decrease in net pension liability for future years.
- Chairman Magsig mentioned FCERA does a five-year comparison, and inquired if for purposes of year end reporting, the County does a one-year snapshot. Paul Sahota responded yes, the County looks at year-end. Chairman Magsig also commented, when visiting the FCERA website, and reviewing five years of worth of information, the County has met the discount rate of return. Oscar J. Garcia, Auditor-Controller/Treasurer-Tax Collector, responded that the information is provided by the FCERA actuarial report, which includes the County's share of pension liability.
- Chairman Magsig inquired if the \$786 million increase in the County's long-term liabilities was driven by the FCERA board's decision to decrease the assumed rate of return from 7% to 6.5%. Oscar J. Garcia responded that market value was also an additional contributor. Paul Sahota added that in the GASB 68 report, FCERA considers assets and liabilities, which are determined by geodemographic factors such as those who will be retiring, how much money will be needed for those who retire, and how long they are going to retire for. Paul Sahota mentioned those key assumptions are taken into consideration when determining the net pension liability in future years and is offset by the expected return on investment. Oscar J. Garcia mentioned the FCERA Actuarial provides the County Administrative Office the rates and the County pays the rates each year as far as employee and employer contributions to FCERA. Oscar J. Garcia also commented the County Administrative Office budgets based on the rates provided by the FCERA Actuarial.
- Chairman Magsig inquired if the investment policy that states the total weighted average maturity of investments cannot exceed 3.5 years, is County or state driven. Oscar J. Garcia responded that it is

County driven and is presented yearly to the Board of Supervisors. Oscar J. Garcia commented the current average maturity is slightly greater than 2 years.

- Chairman Magsig inquired if the County should extend the 3.5 years weighted average maturity to 5 years. Oscar J. Garcia responded that currently the County's Pool weighted average maturity still has some flexibility, and the current policy is working well, and investments are based on cash flow needs, so there is no need to extend it past 3.5 years.
- Chairman Magsig questioned if the current \$68 billion State deficit presents any concerns as the County move to 2024. Oscar J. Garcia stated no, as the County has not heard any updates whether school funds will be withheld. Oscar J. Garcia added that funds were withheld by the State in 2008-09. The State would pay the County at a later time.
- Chairman Magsig inquired if the ACTTC Office has been successful and made it a priority in working with the various departments in regard to the departments spending state and federal funds prior to General Fund monies. Oscar J. Garcia responded his office is collaborating with the CAO in regard to the matter, and it is a policy that was presented to the Board of Supervisors. Oscar J. Garcia added in the policy that departments have to use restricted funds first prior to using discretionary revenue. Chairman Magsig commented the more discretionary money that is kept in the treasury pool, the more interest is gained.
- Paul Nerland asked for details regarding what the County's net position over the last ten years illustrates in the statistical section. Oscar J. Garcia discussed that due to the implementation of GASB 68 in fiscal year 2015, there was a major change in the unrestricted net position from FY 2014 to 2015. Oscar J. Garcia added that prior to the implementation of GASB 68, the County was not required to show the pension liability on the financials. Oscar J. Garcia also commented that although the County has to absorb the entire pension liability, there are subvention departments that will be paying for a larger portion of the liability.
- Paul Nerland inquired if the FCERA Board takes a conservative approach and lowers the expected rate of return further, would the change be reflected in the unrestricted net position. Oscar J. Garcia said yes, it would reflect in the County's net position.
- Kari Gilbert inquired what the advantage would be if FCERA lowered their rate. Oscar J. Garcia responded the rate would be more attainable. Paul Sahota mentioned GASB 68 governs how the rate is calculated and regulated.
- There being no public comments, a motion was made by Kari Gilbert, seconded by Paul Nerland, and carried 6-0 to accept Agenda Item 7b.

c) Review and receive the 2022-2023 First Five Annual Comprehensive Financial Report

- Luis Magallanes, Business Manager, First Five Fresno County, introduced the item.
- Osvaldo Gutierrez, Audit Manager, Price Paige & Company, presented the item.
- Daniel Cederborg inquired if the forecasted decrease in revenue-generating abilities presents concern over their long-term liabilities. Osvaldo Gutierrez mentioned Note 14 addresses there is an economic dependency on the cigarette tax to help fund First Five. Luis Magallanes added they are aware revenue is declining and therefore take it into consideration when creating their yearly budget and that First Five does not have any long-term liabilities.
- Nathan Magsig inquired if their debt service is classified as a long-term liability. Luis Magallanes responded the debt service expense is related to GASB 68. Osvaldo Gutierrez added, there is a new liability that needs to be reflected in the balance sheet and represents the amount that is owed to help pay off the lease.

- Nathan inquired if First Five pays capital gains when they have investment earnings. Osvaldo Gutierrez said the amount is solely revenue.
- There being no public comments, a motion was made by Manuel Vilanova, seconded by Vice-Chairman Quintero, and carried 6-0 to receive Agenda Item 7c.

8. Staff Updates

- There being no updates, the Committee proceeded to next item on the agenda.

9. Adjournment

- A motion was made by Kari Gilbert, seconded by Vice-Chairman Quintero, and was carried 6-0 to adjourn the meeting at 10:43 a.m.

Audit Committee Members:

Supervisor Nathan Magsig, Audit Committee Chairman
Supervisor Sal Quintero, Audit Committee Vice-Chairman
Daniel C. Cederborg, County Counsel
Paul Nerland, County Administrative Officer
Kari Gilbert, Department Heads Council Member
Manuel Vilanova, Public Member
Kulwinder Brar, Public Member



COUNTY OF FRESNO

FRAUD HOTLINE QUARTERLY REPORT

Administered by the Auditor-Controller/Treasurer-Tax Collector

For the Quarter Ended March 31, 2024

Director: Oscar J. Garcia, CPA
Accounting & Financial Manager: Pai Her
Hotline Staff: Jarry Lim



INTEROFFICE MEMORANDUM

Oscar J. Garcia, CPA

Auditor-Controller/Treasurer-Tax Collector

Enedina Garcia

Deputy Auditor-Controller

Frank Gomez

Deputy Treasurer-Tax Collector

DATE: April 08, 2024

TO: Audit Committee Members

FROM: Oscar J. Garcia, CPA – Auditor-Controller/Treasurer-Tax Collector

SUBJECT: Fraud Hotline Quarterly Activity Report for the Quarter Ended March 31, 2024

In accordance with the provisions of California Government Code Section 53087.6, the County of Fresno Fraud Hotline serves as a means to discover, investigate, and remediate acts of fraud, waste, or abuse involving County employees, as defined by the statute.

We have completed our quarterly report concerning the operation of the County of Fresno Fraud Hotline. This report is for the three-month period of January 1, 2024 through March 31, 2024.

We would like to acknowledge the professionalism and cooperation extended to us by the management of the various County agencies/departments during our Hotline investigation process. As always, I remain available to answer any questions you may have. Please contact me directly or Pai Her, Accounting & Financial Division Manager at (559) 600-1378 or Jarry Lim, Accountant at (559) 600-1368 if we can be of any assistance.

Attachments

COUNTY OF FRESNO
FRAUD HOTLINE QUARTERLY REPORT
Administered by the Auditor-Controller/Treasurer-Tax Collector
For the Quarter Ended March 31, 2024

Below is the County of Fresno Fraud Hotline activity for the period of January 1, 2024 through March 31, 2024.

1. Statistical Summary

The Financial Reporting and Audits Division received 181 Hotline allegations, complaints, or other contacts during the reporting period. Of these reports, 137 were made anonymously while 44 reports were made by individuals who identified themselves. The Hotline received 118 reports via telephone, 54 by email, and 9 by letter. These reports are categorized in Table 1.

Table 1 Statistical Summary	
Actionable Items	39
Referred Items	135
Non-Actionable Items	7
Total Allegations/Complaints	181

2. Types of Allegations/Complaints

Cases opened during the period involved various complaints and allegations such as: 1) improper use of government benefits, 2) fraudulent check alterations, and 3) management improprieties.

Actionable – County

Allegations involving individuals employed by the County and/or other related parties (i.e., vendors, contractors, etc.).

Actionable – Non-County

Allegations involving individuals and/or other entities with no known relation to the County.

Referral – County

Allegations involving issues primarily handled by other County Departments via established fraud-reporting methodologies.

COUNTY OF FRESNO
FRAUD HOTLINE QUARTERLY REPORT
Administered by the Auditor-Controller/Treasurer-Tax Collector
For the Quarter Ended March 31, 2024

Referral – Non-County

Allegations involving issues beyond the responsibilities of the County of Fresno are referred to appropriate non-County agencies.

Non-Actionable Items

These include insufficient information and not applicable issues. Examples include failure to state sufficient facts on which to base any investigation, inquiries regarding the status of other investigations, requests for information, and wrong numbers.

Table 2 identifies the total number of cases opened during this period and detail complaint type.

Table 2 Types of New Allegations/Complaints	
Actionable – County:	4
Employee Improprieties	4
Actionable – Non-County:	35
Forged/Altered Check	34
Non-County Other	1
Referral – County:	103
Welfare Fraud	86
County - Other	17
Referral – Non-County:	32
Fresno PD	16
Non-County - Other	16
Non-Actionable Items:	7
Not enough information	7
Total	181

**COUNTY OF FRESNO
 FRAUD HOTLINE QUARTERLY REPORT
 Administered by the Auditor-Controller/Treasurer-Tax Collector
 For the Quarter Ended March 31, 2024**

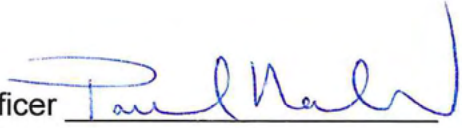
3. Status of Complaints

The complaints processed by the County of Fresno Fraud Hotline include alleged behavior by an employee and/or client (i.e., timecard abuse, misuse of county assets, management improprieties, conflict of interest, and misuse of program funds). As of the end of the reporting period, there was 1 closed investigation and 1 ongoing investigation by the County of Fresno Fraud Hotline. (See summary below)

Table 3 Status of Complaints						
Actionable Calls	Investigation			Closed Findings		
	Ongoing	New	Closed	Substantiated	Unsubstantiated	Referral
Management						
Employee	1	2	1		1	
Client						
Unknown						
Total	1	2	1		1	



Inter Office Memo

DATE: May 24, 2024
 TO: Audit Committee Members
 FROM: Paul Nerland, County Administrative Officer 
 SUBJECT: Award Recommendation for External Audit Services

EXECUTIVE SUMMARY

On March 21, 2024, the Fresno County Administrative Office issued a Request for Proposal (RFP) through the Purchasing Division of the Internal Services Department to qualified firms to provide external audit services for various audits and agreed-upon procedures within the County of Fresno for Fiscal Year (FY) 2023-24 through FY 2025-26, with the option of two (2) additional extensions through FY 2027-28.

The RFP sought proposals on two engagements. These engagements include two separate scopes of work to be performed by two separate contractors. Scope of Work A includes the County's Annual Comprehensive Financial Report (ACFR), the Single Audit, County Treasury Counts, and the County Treasury Pool and Investment Policy audits. Scope of Work B includes the Cal EMA and Fresno County Transportation Authority Measure C audits, Financial Assurance Letters for the Coalinga and Southeast Regional Disposal Sites, the annual report on the County's Appropriation Limit, In-Home Supportive Service Public Authority audit, the Fresno County Zoo Authority audit, the Fresno County Tobacco Funding Corporation audit, Countywide Service Areas, Waterworks Districts, Maintenance Districts, Highway Lighting Districts and Solid Waste audits, and a report on the Fresno County Community Corrections Partnership Executive Committee.

Proposers were allowed to propose for both engagements, but were informed in the RFP that a proposer could only be awarded one of the two engagements.

The County received proposals from four audit firms that were evaluated by a three-member review committee. All firms proposed for both scopes of work. The review committee recommends the firm of Brown Armstrong Accountancy Corporation for the contract for Scope of Work A, and the firm of CliftonLarsonAllen, LLP (CLA) for the contract for Scope of Work B.

SUMMARY OF REQUESTED SERVICES

The RFP sought proposals from accounting firms for external audit services for various audits and agreed-upon procedures within the County of Fresno. These engagements include two separate scopes of work to be performed by two separate contractors. Scope of Work A includes the County's Annual Comprehensive Financial Report (ACFR), the Single Audit, County Treasury Counts, and the County Treasury Pool and Investment Policy audits. Scope of Work B includes the Cal EMA and Fresno County Transportation Authority Measure C audits, Financial Assurance Letters for the Coalinga and Southeast Regional Disposal Sites, the annual report on the County's Appropriation Limit, In-Home Supportive Service Public Authority audit, the Fresno County Zoo Authority audit, the Fresno County Tobacco Funding Corporation audit, Countywide Service Areas,

Waterworks Districts, Maintenance Districts, Highway Lighting Districts and Solid Waste audits, and a report on the Fresno County Community Corrections Partnership Executive Committee.

PROPOSALS RECEIVED

Four (4) proposals were received and accepted by Purchasing. The RFP review committee reviewed the proposals submitted by the following organizations:

1. Brown Armstrong Accountancy Corporation
2. Clifton Larson Allen, LLC
3. Eide Bailly
4. Price Paige & Company

RFP REVIEW COMMITTEE MEMBERS

The review committee consisted of three (3) representatives as noted below:

- Fresno County Probation Department (1)
- Fresno County Auditor-Controller's Office (1)
- Fresno County Department Public Works and Planning (1)

The evaluation was facilitated by a member of my office. On April 29, 2024, the review committee members reviewed and ranked the proposals and rendered recommendations for both Scope of Work A and Scope of Work B.

REVIEW COMMITTEE RECOMMENDATIONS

The Review Committee determined that Brown Armstrong demonstrated the mandatory and technical requirements and relevant experience needed for both Scope A and Scope B services; however, firm's proposal for Scope A provided was most suited to the County's needs. The firm's pricing for services under Scope A was the lowest among all bidders by a significant margin. Based on the overall review of the proposal for Scope of Work A, the Review Committee recommends engaging Brown Armstrong for the requested services in Scope of Work A. Although Brown Armstrong is the County's current auditor this was not a factor considered in the review. It should be noted that in order to comply with Government Code section 12410.6, subdivision (b), which states that a local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local agency for six consecutive fiscal years, Brown Armstrong will be assigning a different engagement partner beginning with audit for FY 2024-25.

The Review Committee determined that Clifton Larson Allen, LLP, demonstrated the mandatory and technical requirements and relevant experience needed for both Scope A and Scope B services. CLA provided a thorough and comprehensive proposal; however, the pricing for Scope A is significantly higher than that Brown Armstrong. Although the firm's pricing for Scope B is the second highest, the CLA's overall proposal demonstrated a firm understanding of the needs and desired outcomes of the County. Based on the overall review for the proposal for Scope of Work B, the Review Committee recommends engaging Clifton Larson Allen, LLP, for the requested services in Scope of Work B. As a result of negotiation on the final version of the proposed agreement with Clifton Larson Allen includes two differences from the usual contractual language that the County uses. First, section 8.3 provides that either party, instead of just the County, may terminate the agreement without cause upon 30 days' advance written notice. Second, section 11.1, limits the contractor's indemnity of the County to losses that are directly caused by the Contractor's negligence or willful misconduct. The County's agreements usually provide indemnity more broadly for any losses that "arise from or relate to the performance or failure to perform by

the Contractor.” The Administrative Office believes that these differences do not present unreasonable risks to the County.

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AUDIT SERVICES AGREEMENT

This Audit Services Agreement ("Agreement") is dated _____ and is between Brown Armstrong Accountancy Corporation, a California corporation ("Contractor") and the County of Fresno, a political subdivision of the State of California ("County").

Recitals

A. The County published its Request for Proposal No. 24-050 for External Audit Services, dated March 21, 2024, and Addendum Number 1 to that request, dated April 2, 2024, (together, the "RFP"), in order to seek the independent and professional external audit services of a qualified certified public accounting firm for the County's Fiscal Years 2023-24 through 2025-26.

B. The Contractor submitted its "Proposal for External Audit Services," dated April 15, 2024, in response to the RFP ("Contractor's Proposal").

C. The parties desire that the Contractor shall provide independent audit services to the County for each Fiscal Year Covered by this Agreement (as that term is defined in section 7.3).

D. The Contractor's Proposal represents to the County that:

1. The Contractor is highly qualified to provide the most efficient and responsive independent professional audit services to the County;
2. The Contractor is familiar with and has a comprehensive understanding of the County's operations, accounting systems, and policies;
3. The Contractor has extensive experience in serving public sector clients;
4. The Contractor proposes a very qualified auditing team which has worked on other large audits;
5. Each of the Contractor's partners, senior managers and other supervisory professionals, whom the Contractor has selected to provide services for the County, specializes in the government industry; and
6. The contractor meets the independence standards contained in *Government Auditing Standards*, issued by the United States General Accounting Office ("the Yellow Book"), and is independent of the County and all of the other agencies listed in section 2.1 of this Agreement.

1 E. The parties desire to enter into an agreement for the provision of independent,
2 professional audit services by a qualified certified public accounting firm as requested by the
3 County and proposed by the Contractor.

4 The parties therefore agree as follows:

5 **Article 1**

6 **Contractor's Warranties, Representations, Covenants, and Assurances**

7 1.1 The Contractor warrants, represents, and covenants to the County that:

8 (A) The Contractor is highly qualified to provide the most efficient and responsive
9 independent, professional audit services to the County;

10 (B) The Contractor is familiar with and has a comprehensive understanding of the
11 County's operations, accounting systems, and policies;

12 (C) The Contractor has extensive experience in serving public sector clients;

13 (D) The Contractor proposes and will assign a very qualified audit team which has
14 worked on other large audits;

15 (E) Each of the Contractor's partners, senior managers, managers, and other
16 supervisory professionals, whom the Contractor has selected to provide services for the
17 County, specializes in the government industry; and

18 (F) The Contractor meets the independence standards contained in the Yellow Book,
19 and is independent of the County and all of the County's independent component units.

20 1.2 **Contractor's Professional Team.** The Contractor will use its best efforts to assign
21 the professionals identified in this section 1.2 ("Contractor's Professional Team") to perform
22 services under this Agreement. Contractor's Professional Team is composed of the following
23 persons:

24	Name	Professional Staff Level
25	Eric H. Xin, CPA, MBA	Engagement Partner for FY 2023-24 Audit
26	Neeraj Datta, CPA, CGMA	Engagement Partner beginning FY 2024-25 Audit
27	Lindsey Zimmerman, CPA	Technical Review Partner
28	Paul Sahota, CPA	Engagement Manager

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Marlen Rojas, CPA Engagement Senior
Nikki Rios Engagement Senior

1.3 **Acknowledgment of Unrelated Services.** The parties acknowledge that the Contractor, as an independent contractor, intends to use members of Contractor’s Professional Team during the term of this Agreement to provide services to others unrelated to the County or to this Agreement, but the Contractor agrees that it will not enter into any other agreements or engagements for other clients that would materially impair the Contractor’s ability to have members of Contractor’s Professional Team available to perform services under this Agreement.

1.4 **Replacements on Contractor’s Professional Team.** If the Contractor appoints a replacement for any of Contractor’s Professional Team members with another one of the Contractor’s professionals, the Contractor shall promptly notify the County of that change in writing, and provide the replacement professional at no additional cost to the County. The replacement professional must possess a similar level of governmental auditing experience and expertise required to allow the Contractor to fully and properly carry out its obligations under this Agreement, and the replacement professional must be one who is, in the normal course of the Contractor’s business, classified by the Contractor at the same or a higher professional staff level as the professional replaced. The County Administrative Officer reserves the right to approve or reject any of the Contractor’s replacement professionals. The County Administrative Officer shall promptly notify the Contractor of the approval or rejection of a replacement professional following the County’s receipt of notice of the replacement professional’s appointment by the Contractor.

Article 2
Obligations of the Contractor

2.1 **Audit Services.** For each Fiscal Year Covered by this Agreement (as that term is defined in section 7.3), the Contractor shall provide the following audit services:

1 (A) The Contractor shall perform an audit of the County's basic financial statements,
2 supplementary information, and required supplementary information, in accordance with
3 auditing standards generally accepted in the United States of America and the standards
4 applicable to financial audits contained in the Yellow Book.

5 (B) The Contractor shall perform a Single Audit of the County's federally funded
6 grant programs in accordance with the Office of Management and Budget's *Uniform*
7 *Administrative Requirements, Cost Principles, and Audit Requirements for Federal*
8 *Awards*, at Code of Federal Regulations, Title 2, Part 200 ("Uniform Guidance"). In
9 addition, the Contractor shall prepare the related *Data Collection Form for Reporting on*
10 *Audits of States, Local Governments, Indian Tribes, Institutions of Higher Education, and*
11 *Non-Profit Organizations* (Form SF-SAC).

12 (C) The Contractor shall perform a count of monies in the County Treasury at least
13 once each quarter (i.e., for the quarters ending on September 30, December 31, March
14 31, and June 30 for each Fiscal Year Covered by this Agreement), and issue quarterly
15 reports to the County's Audit Committee and the Board of Supervisors of procedures
16 performed in that count.

17 (D) The Contractor shall issue the necessary annual audit reports for the purpose of
18 meeting the requirements of California Government Code, Title 5, Division 2, Part 1,
19 Chapter 4, Article 1, sections 53600, 53601 and 53607; Article 2, sections 53635 and
20 53646; and Title 3, Division 2, Part 3, Chapter 5 Article 6, sections 27130 through 27137,
21 related to the County Treasury Pool and the County's Investment Policy.

22 2.2 The purpose of the audit of the financial statements of the County and the other
23 agencies listed above is to enable the Contractor to issue the written independent auditor's
24 reports listed in section 3.2.

25 2.3 The Contractor shall audit the combining and individual fund statements,
26 supplementary information, and required supplementary information. For each Fiscal Year
27 Covered by this Agreement, the Contractor shall also provide an "in-relation-to" report on
28 supporting statements and schedules based on the auditing procedures applied during the audit

1 of the County's basic financial statements in accordance with applicable laws, regulations, and
2 professional standards. In addition, the Contractor shall read other information that the
3 Contractor is aware of in order to identify material inconsistencies with the audited financial
4 statements, including other information of the Annual Comprehensive Financial Report (ACFR).

5 2.4 The Contractor is not required to audit the schedule of expenditures of federal
6 awards. However, for each Fiscal Year Covered by this Agreement, the Contractor shall provide
7 an "in-relation-to" report on that schedule based on the auditing procedures applied during the
8 audit of the County's basic financial statements in accordance with applicable laws, regulation,
9 and professional standards.

10 2.5 For each Fiscal Year Covered by this Agreement, the Contractor shall meet
11 separately with the County's Audit Coordinator (as that term is defined in section 6.1 of this
12 Agreement) during the year-end fieldwork and bi-weekly thereafter as deemed necessary by the
13 County's Audit Coordinator, to discuss the audit progress. A written status report on audit
14 progress and instances of failure by either party to comply with the terms of the Agreement shall
15 be provided by the Contractor and discussed during these meetings. That report to the County
16 is not, in and of itself, notice to the County that the County is in breach of this Agreement. Also,
17 at those meetings, the County's Audit Coordinator shall present any deviations that Contractor
18 has made from the work schedule requirements. Any revision to the scheduled requirements
19 must be agreed upon in writing by both the County's Audit Coordinator and the Contractor.

20 2.6 For each Fiscal Year Covered by this Agreement, the Contractor shall audit all
21 federally-funded grant programs for which the County disbursed federal funds, when identified
22 by the County, even if those programs are not listed in this Agreement. The Contractor is not
23 responsible for auditing County's sub-recipients of federal funds disbursed by the County.

24 2.7 The County has federally-funded programs not appearing in this Agreement, which
25 are major programs, as defined under the Single Audit Act of 1984 (P.L. 98-502) as amended
26 by the Single Audit Act Amendments of 1996 (P.L. 104-156) (collectively, "Single Audit Act") and
27 the Uniform Guidance, and the Contractor is required, for each Fiscal Year Covered by this
28 Agreement, to expend in excess of 100 professional staff hours of audit field work in order for

1 the Contractor to complete the performance of its obligations under this Agreement in
2 connection with the Single Audit Act and the Uniform Guidance. The Contractor will be
3 compensated for the additional time of audit fieldwork, above such 100 professional staff hours,
4 at the rates of compensation identified in Article 9 of this Agreement, "Compensation and
5 Invoicing," but only upon the execution of a written amendment between the parties under
6 section 16.1.

7 2.8 The Contractor shall submit by mail the confirmations prepared and delivered by the
8 Auditor-Controller/Treasurer-Tax Collector under section 6.2 of this Agreement.

9 2.9 The Contractor shall comply with all of the provisions of Exhibit E, "Data Security."

10 **Article 3**

11 **Performance of Work**

12 3.1 **Method of Auditing.** The Contractor's shall perform audit services under this
13 Agreement in accordance with auditing standards generally accepted in the United States of
14 America and *Government Auditing Standards*, issued by the Comptroller General of the United
15 States; the Single Audit Act; the U.S. Office of Management and Budget (OMB) Circular A-133,
16 *Audits of States, Local Governments, and Non-Profit Organizations* and the related compliance
17 supplement ("OMB Circular A-133"), and any other applicable laws, regulations, and
18 professional standards.

19 3.2 **Issuance of Reports.** For each Fiscal Year Covered by this Agreement, following
20 the Contractor's completion of the audit of the fiscal year's financial statements, the Contractor
21 shall issue to the County's Audit Committee the following written reports in accordance with
22 applicable laws, regulations, and professional standards:

23 (A) The Contractor shall issue a written independent auditor's report regarding the
24 County's basic financial statements.

25 (B) The Contractor shall issue a written independent auditor's report regarding the
26 County's internal controls over financial reporting based on the Contractor's
27 understanding of the internal controls and assessment of control risk. In addition, the
28 Contractor shall communicate in writing to the County's Audit Committee any Significant

1 Deficiencies, Material Weaknesses, or both found during the audit. A "Significant
2 Deficiency" is a deficiency, or a combination of deficiencies, in internal control over
3 financial reporting that is less severe than a material weakness, yet important enough to
4 merit attention by those responsible for oversight of the organization. A "Material
5 Weakness" is a deficiency, or a combination of deficiencies, in internal control, such that
6 there is reasonable possibility that a material misstatement of the entity's financial
7 statements will not be prevented, or detected and corrected on a timely basis.

8 (C) The Contractor shall issue a written independent auditor's report regarding the
9 County's compliance with applicable laws and regulations. The report on compliance
10 shall include all material instances of noncompliance. This report may be combined with
11 the report required under section 3.2(B).

12 (D) The Contractor shall issue a written independent auditor's "in relation to" report
13 on the schedule of expenditures of federal awards.

14 (E) The Contractor shall issue a written independent auditor's report regarding the
15 County's internal control over major federal programs describing the scope of testing of
16 internal control and the results of the tests, and, where applicable, a schedule of findings
17 and questioned costs.

18 (F) The Contractor shall issue a written independent auditor's report regarding the
19 County's compliance with laws, regulations, and the provisions of contracts or grant
20 agreements, noncompliance with which could have a material effect on the County's
21 financial statements. This report must include an opinion (or disclaimer of opinion) on
22 compliance with laws, regulations, and the provisions of contracts or grant agreements
23 that may have a direct and material effect on each major federal program, and, where
24 applicable, a schedule of findings and questioned costs. This report may be combined
25 with the report required under section 3.2(E).

26 (G) The Contractor shall issue quarterly reports of procedures related to the count of
27 money in the County Treasury for the quarters ending June 30, September 30,
28 December 31, and March 31.

1 (H) The Contractor shall issue a written independent auditor's report regarding the
2 County's compliance with California Government Code, Title 5, Division 2, part 1,
3 Chapter 4, Article 1, sections 53600, 53601 and 53607; Article 2, sections 53635 and
4 53646; and Title 3, Division 2, Part 3, Chapter 5 Article 6, sections 27130 through 27137
5 related to the County Treasury Pool and the County's Investment Policy.

6 **3.3 Copies of Reports.** The Contractor shall provide to the County 20 copies of all
7 reports listed above, as well as copies for all filings with other government agencies.

8 **3.4 Irregularities and Illegal Acts.** CONTRACTOR shall promptly make a written report
9 to the COUNTY's Audit Committee (provided however, for any act involving a member of the
10 Audit Committee, to the Board of Supervisors) of all irregularities or illegal acts of which
11 CONTRACTOR becomes aware.

12 **3.5 Release of Information.** Any reports, information or other data prepared or
13 assembled by the Contractor under this agreement shall not be made available to any
14 individual, organization or entity by the Contractor without the express written consent of the
15 County.

16 **3.6 Reporting to the Audit Committee.** Pursuant to AICPA Statement on Auditing
17 Standards No. 114, "The Auditor's Communications With Those Charged With Governance,"
18 effective December 15, 2006, the Contractor shall ensure that the County's management
19 charged with governance, including the Audit Committee, is informed in writing of each of the
20 following applicable matters, as defined in such statement on auditing standards:

21 (A) The Contractor's responsibility to the County under generally accepted auditing
22 standards;

23 (B) Significant accounting practices, including accounting policies and estimates, and
24 financial statement disclosures;

25 (C) Management judgments and accounting estimates;

26 (D) Significant audit adjustments;

27 (E) Other information in documents containing audited financial statements;

28 (F) Disagreements with management;

- 1 (G) Management consultation with other accountants;
2 (H) Major issues discussed with management prior to retention; and
3 (I) Difficulties encountered in performing each audit performed under this
4 Agreement.

5 **3.7 Special Considerations.**

6 (A) It is understood that the County will send its Annual Comprehensive Financial
7 Report to the Government Finance Officers Association of the United States and
8 Canada (GFOA) for review in its Certificate of Achievement for Excellence in Financial
9 Reporting program for each of the Fiscal Years Covered by this Agreement. The parties
10 anticipate that the Contractor, at no additional cost to the County, shall provide minor
11 assistance to the County to meet the requirements of that program. The Contractor shall
12 complete its Independent Auditor's Report on the County's basic financial statements for
13 inclusion in the County's Annual Comprehensive Financial Report in sufficient time for
14 County to meet the GFOA report deadline.

15 (B) During each Fiscal Year Covered by this Agreement, the County may prepare
16 one or more official statements in connection with the sale of one or more series of tax
17 and revenue anticipation notes (issued under Government Code Sections 53850 et seq.)
18 which will contain the County's basic financial statements and the Contractor's audit
19 report for those statements. During each Fiscal Year Covered by this Agreement, the
20 County may also prepare one or more official statements in connection with the sale of
21 one or more other municipal debt securities, which will contain the County's basic
22 financial statements and the Contractor's audit report for those statements. The
23 Contractor, at no additional cost to the County, shall, if requested by the County's fiscal
24 advisor and/or the underwriter working in connection with the sale of such tax and
25 revenue anticipation notes or any such other municipal debt securities, issue a "consent
26 and citation of expertise" letter as the auditor for the County, and any necessary "comfort
27 letters," as defined in AICPA Codification of Statements on Auditing Standards AU 634 ,
28 "Letters for Underwriters and Certain Other Requesting Parties."

1 (C) The County has determined, and Contractor acknowledges, that the California
2 State Controller will function as the Cognizant Agency in accordance with the provisions
3 of the Single Audit Act, the Uniform Guidance, and OMB Circular A-133 under contract
4 by the United States Department of Health and Human Services.

5 (D) The schedule of expenditures of federal awards and related auditor's report, as
6 well as the reports on the internal control structure and compliance will not be included in
7 the County's Annual Comprehensive Financial Report, but must be issued separately.

8 (E) All other special reports required to be prepared and provided under this
9 Agreement will not be included in the County's Annual Comprehensive Financial Report,
10 but must be issued separately.

11 **Article 4**

12 **Dates and Timelines**

13 4.1 **Time of the Essence.** The Contractor acknowledges that time is of the essence in
14 the performance of its services under this Agreement.

15 4.2 **County Readiness.** The County will have financial system records ready for audit
16 and all management personnel available to meet with the Contractor's personnel as of June 10
17 of each Fiscal Year Covered by this Agreement, except that for the first Fiscal Year Covered by
18 this Agreement, the County will be ready within 30 days after the County executes this
19 Agreement.

20 4.3 **Completion Dates.** For each Fiscal Year Covered by this Agreement, the Contractor
21 shall complete the following tasks by the following dates for the relevant fiscal year. For
22 purposes of this schedule, "the relevant fiscal year" means the fiscal year under audit.

23 (A) **Interim Work.** The Contractor shall complete all interim work by July 31 after the
24 relevant fiscal year.

25 (B) **Detailed Audit Plan.** The Contractor shall provide the County, by August 9, after
26 the relevant fiscal year, both a detailed audit plan and list of schedules to be prepared by
27 the County.
28

1 (C) **Fieldwork.** The Contractor shall complete all fieldwork by October 31 after the
2 relevant fiscal year.

3 (D) **ACFR Draft Reports.** The Contractor shall have drafts of the audit reports and
4 recommendations to management available for review by the County's Auditor-
5 Controller/Treasurer-Tax Collector by November 20 after the relevant fiscal year.

6 (E) **Management Letter and SAS 114 Audit Committee Communication.** The
7 Contractor shall complete and provide draft report copies of the County Management
8 Letter and SAS 114 Audit Committee Communication by November 22 after the relevant
9 fiscal year.

10 (F) **Federal Single Audit.** The Contractor shall complete and provide draft copies, to
11 the County's Auditor-Controller/Treasurer-Tax Collector, of the Federal Single Audit
12 Report by February 14 after the relevant fiscal year, in order to meet the deadline of
13 March 31 after the relevant fiscal year to the State Controller.

14 (G) **Quarterly Cash Counts.** The Contractor shall provide quarterly cash counts for
15 quarters ending September 30, December 31, March 31, and June 30 within 60 days
16 after the end of each quarter.

17 (H) **Treasury Pool and Investment Policy.** The Contractor shall complete and
18 provide draft copies of the written independent auditor's report related to the Treasury
19 Pool and Investment Policy by November 27 after the relevant fiscal year.

20 **4.4 Revision of Completion Dates.** Notwithstanding anything else stated to the
21 contrary in this Article 4, the parties may mutually agree in writing to revise the date of
22 completion of any of the Contractor's work under this agreement, if they confirm that agreement
23 in writing. The County Administrative Officer may confirm such an agreement on behalf of the
24 County.

25 **Article 5**

26 **Access to Working Papers**

27 **5.1 County's Right to Access Working Papers.** The County has the right under this
28 Agreement to authorize the County's Designees to have the right, during the Contractor's

1 normal office hours with reasonable, advance notification given to the Contractor, to access all
2 of the Contractor's working papers and reports prepared under this Agreement, including the
3 Contractor's Proprietary Information contained in those papers and reports. The term "County's
4 Designees" means any interested Federal Agency (including the United States General
5 Accounting Office), any interested State of California Agency, the Cognizant Agency designated
6 by the Federal Government in accordance with the provisions of the Single Audit Act and OMB
7 Circular A-133, any person or entity, however organized, designated by the Federal or California
8 State governments, or of their agencies, or by the County as part of an audit quality review
9 process, auditors of entities of which the County is a sub-recipient of Federal or State grant
10 funds, or auditors of entities of which the County is a component unit. But the "County's
11 Designees" do not include the County, any of its officials, or an independent auditor of the
12 County that is a successor of the Contractor.

13 **5.2 Compliance with Inquiries to Access Working Papers.** The Contractor shall
14 comply with the reasonable inquiries of the County (including the County Administrative Officer
15 and the County's Auditor-Controller/Treasurer-Tax Collector) or any independent auditor of the
16 County that is a successor of the Contractor, and allow the County (including the County
17 Administrative Officer and the County's Auditor-Controller/Treasurer-Tax Collector) and such
18 successor independent auditors to have access to all of the Contractor's working papers and
19 reports relating to matters of continuing accounting significance, except that the County
20 (including the County Administrative Officer and the County's Auditor-Controller/Treasurer-Tax
21 Collector) and such successor independent auditors are not authorized under this section 5.2 to
22 have access to Contractor's Proprietary Information.

23 **5.3 Definition of Proprietary Information.** For purposes of this Article 5, "Proprietary
24 Information" means documents and other material created by the Contractor that relate
25 principally to the conduct any audit by the Contractor under this Agreement and would be
26 generally recognized in the professional independent auditing industry as containing or
27 revealing the Contractor's unique audit procedures or processes, confidential information, or
28 trade secrets (e.g., the Contractor's audit programs or audit planning memoranda).

1 **6.3 Electronic Data Processing Assistance.** The Information Technology Division of
2 the County's Internal Services Department ("IT/ISD") will provide reasonable assistance as
3 listed in subdivision (A) and (B) below as needed for the Contractor to perform services under
4 this agreement. "Reasonable assistance" means assistance that does not interfere with the
5 delivery by IT/ISD of services and support to County departments.

6 (A) IT/ISD will provide Electronic Data Processing personnel to provide systems
7 documentation and explanations.

8 (B) IT/ISD will provide computer time and use of computer hardware and software.

9 **6.4 Statements and Schedules.** The Auditor-Controller/Treasurer-Tax Collector will
10 prepare statements and schedules for the external auditor by the dates indicated in section 4.3
11 of this Agreement.

12 **6.5 Work Area, Telephone, Photocopying and Fax Machines.** The County will provide
13 the Contractor with reasonable workspace, including desk and chairs, as needed for the
14 Contractor to perform services under this Agreement. The County will also provide the
15 Contractor with access to one telephone line, photocopying facilities, and access to a fax
16 machine subject to the following restrictions:

17 (A) The items provided under this section 6.5 are only available during the operating
18 hours of the County department where they are located.

19 (B) Phone calls are limited to local calls.

20 (C) Workspace is provided subject to the capacity of the County department where it
21 is located. The County anticipates that the Auditor-Controller/Treasurer-Tax Collector will
22 have workspace for up to five Contractor personnel at a time, but cannot guarantee that
23 quantity of workspace.

24 (D) Fax services are limited to local service of an emergency nature.

25 (E) The Contractor may only access photocopying facilities with prior approval by
26 County department management where the facilities are located.

27 **6.6 Report Preparation.** The County is responsible for preparation, editing, and printing
28 of its basic financial statements.

1 **Article 7**

2 **Term**

3 7.1 This Agreement is effective when both parties have signed and continues until the
4 Contractor has performed all of its obligations under this Agreement for all of the first three
5 Fiscal Years Covered by this Agreement (namely, the 2023-24, 2024-25, and 2025-26 fiscal
6 years), unless this Agreement is terminated sooner as provided in Article 8, or extended as
7 provided in section 7.2.

8 7.2 **Optional Extension.** This Agreement may be extended for services including up to
9 two additional consecutive fiscal years upon signed written approval of both parties no later than
10 May 1 of the of the additional fiscal year. The County Administrative Officer or his or her
11 designee is authorized to sign such written approval on behalf of the County.

12 7.3 **Definition of "Fiscal Year Covered by this Agreement."** The term "Fiscal Year
13 Covered by this Agreement" means the 2023-24 through 2025-26 fiscal years and, for each
14 extension authorized under section 7.2, the next ensuing fiscal year (namely, first, the 2026-27
15 fiscal year, and then the 2027-28 fiscal year).

16 **Article 8**

17 **Termination**

18 8.1 **Non-Allocation of Funds.** The terms of this Agreement, and the services to be
19 provided under it, are contingent on the approval of funds by the appropriating government
20 agency. If sufficient funds are not allocated, the services provided may be modified, or this
21 Agreement terminated, at any time by the County giving the Contractor 30 days' advance
22 written notice.

23 8.2 **Breach of Contract.** The County may immediately suspend or terminate this
24 Agreement in whole or in part, where in the determination of the County there is:

- 25 (A) An illegal or improper use of funds;
26 (B) A failure to comply with any term of this Agreement;
27 (C) A substantially incorrect or incomplete report submitted to the County;
28 (D) Improperly performed service.

1 compensation amounts in this section 9.4 are calculated according to the schedules in Exhibit B
2 to this Agreement, as stated below.

3 (A) For the audit of the County's basic financial statements, supplementary
4 information, and required supplementary information, **\$72,500** (Exhibit B, page 1);

5 (B) For the Single Audit of the County's federally funded grant programs, **\$42,100**
6 (Exhibit B, page 2);

7 (C) For the count of monies in the County Treasury at least once each quarter,
8 **\$4,370** (Exhibit B, page 3);

9 (D) For issuing the necessary annual audit reports for the purpose of meeting the
10 requirements of California Government Code, Title 5, Division 2, Part 1, Chapter 4,
11 Article 1, sections 53600, 53601 and 53607; Article 2, sections 53635 and 53646; and
12 Title 3, Division 2, Part 3, Chapter 5, Article 6, sections 27130 through 27137, related to
13 the County Treasury Pool and the County's Investment Policy, **\$4,470** (Exhibit B, page
14 4);

15 **9.5 Amount Withheld until Delivery of Final Reports.** The County will withhold 10
16 percent of the amount due from each billing pending delivery of the Contractor's final reports.

17 **9.6 Assumptions.** The maximum amount payable to the Contractor under this
18 Agreement assumes the following:

19 (A) That the County will prepare the basic financial statements, the Schedule of
20 Expenditures of Federal Awards, and schedules to support significant financial
21 statement balances; and

22 (B) That the financial statements prepared by the County will require few material
23 audit adjustments by the Contractor.

24 **9.7 Incidental Expenses.** All expenses incidental to the Contractor's performance of
25 services under this Agreement shall be borne solely by the Contractor.
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Article 10

Independent Contractor

10.1 In performance of the work, duties and obligations assumed by the Contractor under this Agreement, it is mutually understood and agreed by the parties that the Contractor, including any and all of the Contractor's officers, agents, and employees will at all times be acting and performing as an independent contractor, and shall act in an independent capacity and not as an officer, agent, servant, employee, joint venturer, partner, or associate of the County. Furthermore, the County has no right to control or supervise or direct the manner or method by which the Contractor performs its work and function under this Agreement. However, the County retains the right to administer this Agreement so as to verify that the Contractor is performing its obligations in accordance with the terms and conditions of this Agreement.

10.2 Each of the parties shall comply with all applicable provisions of law and the rules and regulations, if any, of governmental authorities having jurisdiction over matters that are the subject of those provisions.

10.3 Because of its status as an independent contractor, the Contractor has absolutely no right to employment rights and benefits available to County employees. The Contractor is solely liable and responsible for providing to, or on behalf of, its employees all legally required employee benefits. In addition, the Contractor is solely responsible and save the County harmless from all matters relating to payment of the Contractor's employees, including compliance with Social Security withholding and all other regulations governing such matters. The parties acknowledge that during the term of this Agreement, the Contractor may be providing services to others unrelated to the County or to this Agreement.

Article 11

Indemnity

11.1 **Indemnity.** The Contractor shall indemnify and hold harmless and defend the County (including its officers, agents, employees, and volunteers) against all claims, demands, injuries, damages, costs, expenses (including attorney fees and costs), fines, penalties, and liabilities of any kind to the County, the Contractor, or any third party that arise from or relate to

1 the performance or failure to perform by the Contractor (or any of its officers, agents,
2 subcontractors, or employees) under this Agreement. The County may conduct or participate in
3 its own defense without affecting the Contractor's obligation to indemnify and hold harmless or
4 defend the County.

5 11.2 **Survival.** This Article 8 survives the termination of this Agreement.

6 **Article 12**

7 **Insurance**

8 12.1 Without limiting the County's right to obtain indemnification from the Contractor or
9 any third parties, the contractor, at its sole expense, shall maintain in full force and effect, the
10 following insurance policies throughout the term of this Agreement:

11 (A) **Commercial General Liability.** Commercial general liability insurance with limits
12 of not less than Two Million Dollars (\$2,000,000) per occurrence and an annual
13 aggregate of Four Million Dollars (\$4,000,000). This policy must be issued on a per
14 occurrence basis. Coverage must include products, completed operations, property
15 damage, bodily injury, personal injury, and advertising injury. The Contractor shall obtain
16 an endorsement to this policy naming the County of Fresno, its officers, agents,
17 employees, and volunteers, individually and collectively, as additional insureds, but only
18 insofar as the operations under this Agreement are concerned. Such coverage for
19 additional insureds will apply as primary insurance and any other insurance, or self-
20 insurance, maintained by the County is excess only and not contributing with insurance
21 provided under the Contractor's policy.

22 (B) **Automobile Liability.** Automobile liability insurance with limits of not less than
23 One Million Dollars (\$1,000,000) per occurrence for bodily injury and for property
24 damages. Coverage must include any auto used in connection with this Agreement.

25 (C) **Professional Liability.** Professional liability insurance with limits of not less than
26 One Million Dollars (\$1,000,000) per occurrence and an annual aggregate of Three
27 Million Dollars (\$3,000,000). If this is a claims-made policy, then (1) the retroactive date
28 must be prior to the date on which services began under this Agreement; (2) the

1 Contractor shall maintain the policy and provide to the County annual evidence of
2 insurance for not less than five years after completion of services under this Agreement;
3 and (3) if the policy is canceled or not renewed, and not replaced with another claims-
4 made policy with a retroactive date prior to the date on which services begin under this
5 Agreement, then the Contractor shall purchase extended reporting coverage on its
6 claims-made policy for a minimum of five years after completion of services under this
7 Agreement..

8 (D) **Worker's Compensation.** Workers compensation insurance as required by the
9 laws of the State of California with statutory limits.

10 (E) **Employer's Liability.** Employer's liability insurance with limits of not less than
11 One Million Dollars (\$1,000,000) per occurrence for bodily injury and for disease.

12 (F) **Cyber Liability.** Cyber liability insurance with limits of not less than Two Million
13 Dollars (\$2,000,000) per occurrence. Coverage must include claims involving Cyber
14 Risks. The cyber liability policy must be endorsed to cover the full replacement value of
15 damage to, alteration of, loss of, or destruction of intangible property (including but not
16 limited to information or data) that is in the care, custody, or control of the Contractor.

17 **Definition of Cyber Risks.** "Cyber Risks" include but are not limited to (i)
18 Security Breach, which may include Disclosure of Personal Information to an
19 Unauthorized Third Party; (ii) data breach; (iii) breach of any of the Contractor's
20 obligations under Exhibit E of this Agreement, "Data Security"; (iv) system failure;
21 (v) data recovery; (vi) failure to timely disclose data breach or Security Breach;
22 (vii) failure to comply with privacy policy; (viii) payment card liabilities and costs;
23 (ix) infringement of intellectual property, including but not limited to infringement
24 of copyright, trademark, and trade dress; (x) invasion of privacy, including
25 release of private information; (xi) information theft; (xii) damage to or destruction
26 or alteration of electronic information; (xiii) cyber extortion; (xiv) extortion related
27 to the Contractor's obligations under this Agreement regarding electronic
28 information, including Personal Information; (xv) fraudulent instruction; (xvi) funds

1 transfer fraud; (xvii) telephone fraud; (xviii) network security; (xix) data breach
2 response costs, including Security Breach response costs; (xx) regulatory fines
3 and penalties related to the Contractor's obligations under this Agreement
4 regarding electronic information, including Personal Information; and (xxi) credit
5 monitoring expenses

6 **12.2 Additional Requirements Relating to Insurance.**

7 (A) **Verification of Coverage.** Within 30 days after the Contractor signs this
8 Agreement, and at any time during the term of this Agreement as requested
9 by the County, the Contractor shall deliver, or cause its broker or producer to
10 deliver, to the County Risk Manager, at 2220 Tulare Street, 16th Floor,
11 Fresno, California 93721, or HRRiskManagement@fresnocountyca.gov, and
12 by mail or email to the person identified to receive notices under this
13 Agreement, certificates of insurance and endorsements for all of the
14 coverages required under this Agreement.

15 (i) Each insurance certificate must state that: (1) the insurance coverage
16 has been obtained and is in full force; (2) the County, its officers,
17 agents, employees, and volunteers are not responsible for any
18 premiums on the policy; and (3) the Contractor has waived its right to
19 recover from the County, its officers, agents, employees, and
20 volunteers any amounts paid under any insurance policy required by
21 this Agreement and that waiver does not invalidate the insurance
22 policy.

23 (ii) The commercial general liability insurance certificate must also state,
24 and include an endorsement, that the County of Fresno, its officers,
25 agents, employees, and volunteers, individually and collectively, are
26 additional insureds insofar as the operations under this Agreement
27 are concerned. The commercial general liability insurance certificate
28 must also state that the coverage shall apply as primary insurance

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and any other insurance, or self-insurance, maintained by the County shall be excess only and not contributing with insurance provided under the Contractor's policy.

- (iii) The automobile liability insurance certificate must state that the policy covers any auto used in connection with this Agreement.
- (iv) The professional liability insurance certificate, if it is a claims-made policy, must also state the retroactive date of the policy, which must be prior to the date on which services began under this Agreement.
- (v) The cyber liability insurance certificate must also state that it is endorsed, and include an endorsement, to cover the full replacement value of damage to, alteration of, loss of, or destruction of intangible property (including but not limited to information or data) that is in the care, custody, or control of the Contractor.

(B) Acceptability of Insurers. All insurance policies required under this Agreement must be issued by admitted insurers licensed to do business in the State of California and possessing at all times during the term of this Agreement an A.M. Best, Inc. rating of no less than A: VII.

(C) Notice of Cancellation or Change. For each insurance policy required under this Agreement, the Contractor shall provide to the County, or ensure that the policy requires the insurer to provide to the County, written notice of any cancellation or change in the policy as required in this paragraph. For cancellation of the policy for nonpayment of premium, the Contractor shall, or shall cause the insurer to, provide written notice to the County not less than 10 days in advance of cancellation. For cancellation of the policy for any other reason, and for any other change to the policy, the Contractor shall, or shall cause the insurer to, provide written notice to the County not less than 30 days in advance of cancellation or change. The County in its sole discretion may

1 determine that the failure of the Contractor or its insurer to timely provide a
2 written notice required by this paragraph is a breach of this Agreement.

3 (D) **County's Entitlement to Greater Coverage.** If the Contractor has or obtains
4 insurance with broader coverage, higher limits, or both, than what is required
5 under this Agreement, then the County requires and is entitled to the broader
6 coverage, higher limits, or both. To that end, the Contractor shall deliver, or
7 cause its broker or producer to deliver, to the County's Risk Manager certificates
8 of insurance and endorsements for all of the coverages that have such broader
9 coverage, higher limits, or both, as required under this Agreement.

10 (E) **Waiver of Subrogation.** The Contractor waives any right to recover from the
11 County, its officers, agents, employees, and volunteers any amounts paid under
12 the policy of worker's compensation insurance required by this Agreement. The
13 Contractor is solely responsible to obtain any policy endorsement that may be
14 necessary to accomplish that waiver, but the Contractor's waiver of subrogation
15 under this paragraph is effective whether or not the Contractor obtains such an
16 endorsement.

17 (F) **County's Remedy for Contractor's Failure to Maintain.** If the Contractor fails
18 to keep in effect at all times any insurance coverage required under this
19 Agreement, the County may, in addition to any other remedies it may have,
20 suspend or terminate this Agreement upon the occurrence of that failure, or
21 purchase such insurance coverage, and charge the cost of that coverage to the
22 Contractor. The County may offset such charges against any amounts owed by
23 the County to the Contractor under this Agreement.

24 (G) **Subcontractors.** The Contractor shall require and verify that all subcontractors
25 used by the Contractor to provide services under this Agreement maintain
26 insurance meeting all insurance requirements provided in this Agreement. This
27 paragraph does not authorize the Contractor to provide services under this
28 Agreement using subcontractors.

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Article 13

Audits and Inspections

13.1 The Contractor shall at any time during business hours, and as often as the County may deem necessary, make available to the County for examination all of its records and data with respect to the matters covered by this Agreement. The Contractor shall, upon request by the County, permit the County to audit and inspect all of such records and data necessary to ensure Contractor's compliance with the terms of this Agreement.

13.2 If this Agreement exceeds \$10,000.00, the Contractor shall be subject to the examination and audit of the California State Auditor for a period of three years after final payment under contract (Government Code Section 8546.7).

Article 14

Notices

14.1 **Contact Information.** The persons and their addresses having authority to give and receive notices provided for or permitted under this Agreement include the following:

For the County:
County of Fresno
Attention: County Administrative Officer
2281 Tulare Street, Room 304
Fresno, California 93721
Fax: (559) 600-1230

For the Contractor:
Brown Armstrong Accountancy Corporation
Attention: Eric H. Xin, CPA, MBA for FY 2023-24 Audit
Attention: Neeraj Datta, CPA, CGMA beginning with FY 2024-25 Audit
4200 Truxton Avenue, Suite 300
Bakersfield, California 93309
Fax: (661) 324-4997

14.2 **Change of Contact Information.** Either party may change the information in section 14.1 by giving notice as provided in section 14.3.

14.3 **Method of Delivery.** All notices between the County and the Contractor provided for or permitted under this Agreement must be in writing and delivered either by personal service,

1 by first-class United States mail, by an overnight commercial courier service, or by telephonic
2 facsimile transmission.

3 (A) A notice delivered by personal service is effective upon service to the recipient.

4 (B) A notice delivered by first-class United States mail is effective three County
5 business days after deposit in the United States mail, postage prepaid, addressed to the
6 recipient.

7 (C) A notice delivered by an overnight commercial courier service is effective one
8 County business day after deposit with the overnight commercial courier service,
9 delivery fees prepaid, with delivery instructions given for next day delivery, addressed to
10 the recipient.

11 (D) A notice delivered by telephonic facsimile transmission is effective when
12 transmission to the recipient is completed (but, if such transmission is completed outside
13 of County business hours, then such delivery is deemed to be effective at the next
14 beginning of a County business day), provided that the sender maintains a machine
15 record of the completed transmission.
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18 **14.4 Claims Presentation.** For all claims arising from or related to this Agreement,
19 nothing in this Agreement establishes, waives, or modifies any claims presentation
20 requirements or procedures provided by law, including the Government Claims Act (Division 3.6
21 of Title 1 of the Government Code, beginning with section 810).

22 **Article 15**

23 **Disclosure of Self-Dealing Transactions**

24 **15.1 Applicability.** This article applies if the Contractor is operating as a corporation, or
25 changes its status to operate as a corporation.

26 **15.2 Duty to Disclose.** If any member of the Contractor's board of directors is party to a
27 self-dealing transaction, he or she shall disclose the transaction by completing and signing a
28

1 "Self-Dealing Transaction Disclosure Form" (Exhibit A to this Agreement) and submitting it to the
2 County before commencing the transaction or immediately after.

3 15.3 **Definition.** "Self-dealing transaction" means a transaction to which the Contractor is
4 a party and in which one or more of its directors, as an individual, has a material financial
5 interest.

6 **Article 16**

7 **General Terms**

8 16.1 **Modification.** Except as provided in Article 8, this Agreement may not be modified,
9 and no waiver is effective, except by another written Agreement that is signed by both parties.

10 16.2 **Non-Assignment.** Neither party may assign its rights or delegate its obligations
11 under this Agreement without the prior written consent of the other party.

12 16.3 **Governing Law.** The laws of the State of California govern all matters arising from
13 or related to this Agreement.

14 16.4 **Jurisdiction and Venue.** This Agreement is made in Fresno County, California. The
15 Contractor consents to California jurisdiction for actions arising from or related to this
16 Agreement, and, subject to the Government Claims Act, all such actions must be brought and
17 maintained in the Fresno County Superior Court.

18 16.5 **Construction.** The final form of this Agreement is the result of the parties' combined
19 efforts. If anything in this agreement is found by a court of competent jurisdiction to be
20 ambiguous, that ambiguity is not to be resolved by construing the terms of this Agreement
21 against the either party.

22 16.6 **Days.** Unless otherwise specified, "days" means calendar days.

23 16.7 **Headings.** The headings and section titles in this agreement are for convenience
24 only and are not part of this Agreement.

25 16.8 **Severability.** If anything in this agreement is found by a court of competent
26 jurisdiction to be unlawful or otherwise unenforceable, the balance of this Agreement remains in
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1 effect, and the parties shall make best efforts to replace the unlawful or unenforceable part of
2 this Agreement with terms to accomplish the parties' original intent.

3 **16.9 Nondiscrimination.** During the performance of this Agreement, the Contractor shall
4 not unlawfully discriminate against any employee or applicant for employment, or recipient of
5 services, because of race, religious creed, color, national origin, ancestry, physical disability,
6 mental disability, medical condition, genetic information, marital status, sex, gender, gender
7 identity, gender expression, age, sexual orientation, military status or veteran status pursuant to
8 all applicable State of California and federal statutes and regulation.

9
10 **16.10 No Waiver.** Payment, waiver, or discharge of any liability or obligation of the
11 Contractor under this Agreement on any one or more occasions is not a waiver of performance
12 of any continuing or other obligation, or of any breach or default, and does not prohibit, impair,
13 or prejudice enforcement by the County of any obligation of the Contractor under this
14 Agreement.

15 **16.11 Entire Agreement.** This Agreement, including its exhibits, is the entire agreement
16 between the Contractor and the County with respect to the subject matter of this Agreement,
17 and it supersedes all previous negotiations, proposals, commitments, writings, advertisements,
18 publications, and understandings of any nature unless those things are expressly included in
19 this Agreement. If there is any inconsistency between the terms of this Agreement without its
20 exhibits and the terms of the exhibits, then the inconsistency will be resolved by giving
21 precedence first to the terms of this Agreement without its exhibits, and then to the terms of the
22 exhibits.

23
24 **16.12 No Third-Party Beneficiaries.** This Agreement does not and is not intended to
25 create any rights or obligations for any person or entity except for the parties.

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27 **16.13 Authorized Signatures.** The Contractor represents and warrants to the County that:

28 (A) The Contractor is duly authorized and empowered to sign and perform its
obligations under this Agreement.

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(B) The individual signing this Agreement on behalf of the Contractor is duly authorized to do so and his or her signature on this Agreement will legally bind the Contractor to the terms of this Agreement.

16.14 **Counterparts.** This Agreement may be signed in counterparts, each of which is an original, and all of which together constitute this Agreement.

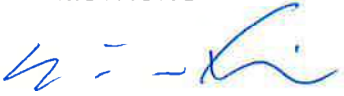
[SIGNATURE PAGE FOLLOWS]

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The parties are signing this Agreement on the date stated in the introductory clause.

BROWN ARMSTRONG

COUNTY OF FRESNO



Eric H. Xin, Principal

4200 Truxton Avenue, Suite 300
Bakersfield, California 93309
Fax: (661) 324-4997

Nathan Magsig, Chairman of the Board of
Supervisors of the County of Fresno

Attest:
Bernice E. Seidel
Clerk of the Board of Supervisors
County of Fresno, State of California

By: _____
Deputy

For accounting use only:

Fund: 0001
Subclass: 10000
Org: 2540
Account: 7295

EXHIBIT A

SELF-DEALING TRANSACTION DISCLOSURE FORM

In order to conduct business with the County of Fresno ("County"), members of a contractor's board of directors ("County Contractor"), must disclose any self-dealing transactions that they are a party to while providing goods, performing services, or both for the County. A self-dealing transaction is defined below:

"A self-dealing transaction means a transaction to which the corporation is a party and in which one or more of its directors has a material financial interest"

The definition above will be utilized for purposes of completing this disclosure form.

INSTRUCTIONS

- (1) Enter board member's name, job title (if applicable), and date this disclosure is being made.
- (2) Enter the board member's company/agency name and address.
- (3) Describe in detail the nature of the self-dealing transaction that is being disclosed to the County. At a minimum, include a description of the following:
 - a. The name of the agency/company with which the corporation has the transaction; and
 - b. The nature of the material financial interest in the Corporation's transaction that the board member has.
- (4) Describe in detail why the self-dealing transaction is appropriate based on applicable provisions of the Corporations Code.
- (5) Form must be signed by the board member that is involved in the self-dealing transaction described in Sections (3) and (4).

(1) Company Board Member Information:			
Name:		Date:	
Job Title:			
(2) Company/Agency Name and Address:			
(3) Disclosure (Please describe the nature of the self-dealing transaction you are a party to)			
(4) Explain why this self-dealing transaction is consistent with the requirements of Corporations Code 5233 (a)			
(5) Authorized Signature			
Signature:		Date:	

XII. COST PROPOSAL

County of Fresno

Total All-Inclusive Maximum Price for the Fiscal Years 2023-2024 through 2025-2026 and Price for Optional Years 4 and 5

SCOPE A Total Audit and Ancillary Cost Schedule

Firm Name: Brown Armstrong Accountancy Corporation

SCOPE A	Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028	TOTAL
Scope A - Audit Services						
A1 Countywide Annual Comprehensive Financial Report (ACFR)	\$ 72,500	\$ 72,500	\$ 72,500	\$ 72,500	\$ 72,500	\$ 362,500
A2 Single Audit reports	\$ 42,100	\$ 42,100	\$ 42,100	\$ 42,100	\$ 42,100	\$ 210,500
A3 Quarterly Treasury count	\$ 4,370	\$ 4,370	\$ 4,370	\$ 4,370	\$ 4,370	\$ 21,850
A4 Treasury Pool and Investment Policy	\$ 4,470	\$ 4,470	\$ 4,470	\$ 4,470	\$ 4,470	\$ 22,350
Scope A - Ancillary Services						
						\$ -
Out-of-pocket expenses:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Meals and lodging	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Scope A - Total All-Inclusive Maximum Price	\$ 123,440	\$ 123,440	\$ 123,440	\$ 123,440	\$ 123,440	\$ 617,200

Rates for Services:	Quoted Rates	QUOTED RATES				
		Year 1 2024	Year 2 2025	Year 3 2026	Year 4 2027	Year 5 2028
Partners	\$250	\$250	\$250	\$250	\$250	\$250
Managers	\$200	\$200	\$200	\$200	\$200	\$200
Supervisory Staff	\$130	\$130	\$130	\$130	\$130	\$130
Staff	\$90	\$90	\$90	\$90	\$90	\$90
Other (Specify) - Clerical	\$60	\$60	\$60	\$60	\$60	\$60

XII. COST PROPOSAL

County of Fresno

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

AUDIT SERVICES - COST SCHEDULE

A1 - Countywide Annual Comprehensive Financial Report (ACFR)

Firm Name: Brown Armstrong Accountancy Corporation

	Year 1			Year 2			Year 3			Year 4			Year 5			GRAND TOTAL	
	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	TOTAL HOURS	TOTAL COST
Partners	40	\$250	\$ 10,000	40	\$250	\$ 10,000	40	\$250	\$ 10,000	40	\$250	\$ 10,000	40	\$250	\$ 10,000	200	\$ 50,000
Managers	80	\$200	16,000	80	\$200	16,000	80	\$200	16,000	80	\$200	16,000	80	\$200	16,000	400	80,000
Supervisory Staff	120	\$130	15,600	120	\$130	15,600	120	\$130	15,600	120	\$130	15,600	120	\$130	15,600	600	78,000
Staff	330	\$90	29,700	330	\$90	29,700	330	\$90	29,700	330	\$90	29,700	330	\$90	29,700	1,650	148,500
Other (Specify): Clerical	20	\$60	1,200	20	\$60	1,200	20	\$60	1,200	20	\$60	1,200	20	\$60	1,200	100	6,000
Subtotal			\$ 72,500			\$ 72,500			\$ 72,500			\$ 72,500			\$ 72,500		\$ 362,500
Out-of-pocket expenses:			-			-			-			-			-		-
Meals and lodging			-			-			-			-			-		-
Transportation			-			-			-			-			-		-
Other (specify):			-			-			-			-			-		-
Total:			\$ 72,500			\$ 72,500			\$ 72,500			\$ 72,500			\$ 72,500		\$ 362,500

XII. COST PROPOSAL
 County of Fresno

AUDIT SERVICES - COST SCHEDULE
A2 - Single Audit reports

Firm Name: Brown Armstrong Accountancy Corporation

	Year 1			Year 2			Year 3			Year 4			Year 5			GRAND TOTAL	
	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	Hours	Quoted Hourly Rates	Total	TOTAL HOURS	
Partners	20	\$250	\$ 5,000	20	\$250	\$ 5,000	20	\$250	\$ 5,000	20	\$250	\$ 5,000	20	\$250	\$ 5,000	100	\$ 25,000
Managers	40	\$200	8,000	40	\$200	8,000	40	\$200	8,000	40	\$200	8,000	40	\$200	8,000	200	40,000
Supervisory Staff	60	\$130	7,800	60	\$130	7,800	60	\$130	7,800	60	\$130	7,800	60	\$130	7,800	300	39,000
Staff	230	\$90	20,700	230	\$90	20,700	230	\$90	20,700	230	\$90	20,700	230	\$90	20,700	1,150	103,500
Other (Specify): Clerical	10	\$60	600	10	\$60	600	10	\$60	600	10	\$60	600	10	\$60	600	50	3,000
Subtotal			\$ 42,100			\$ 42,100			\$ 42,100			\$ 42,100			\$ 42,100		\$ 210,500
Out-of-pocket expenses:			-			-			-			-			-		-
Meals and lodging			-			-			-			-			-		-
Transportation			-			-			-			-			-		-
Other (specify):			-			-			-			-			-		-
Total:			\$ 42,100			\$ 42,100			\$ 42,100			\$ 42,100			\$ 42,100		\$ 210,500

Exhibit E Data Security

1. Definitions

Capitalized terms used in this Exhibit E have the meanings set forth in this section 1.

- (A) "**Authorized Employees**" means the Contractor's employees who have access to Personal Information.
- (B) "**Authorized Persons**" means: (i) any and all Authorized Employees; and (ii) any and all of the Contractor's subcontractors, representatives, agents, outsourcers, and consultants, and providers of professional services to the Contractor, who have access to Personal Information and are bound by law or in writing by confidentiality obligations sufficient to protect Personal Information in accordance with the terms of this Exhibit E.
- (C) "**Director**" means the County's Director of Internal Services/Chief Information Officer or his or her designee.
- (D) "**Disclose**" or any derivative of that word means to disclose, release, transfer, disseminate, or otherwise provide access to or communicate all or any part of any Personal Information orally, in writing, or by electronic or any other means to any person.
- (E) "**Person**" means any natural person, corporation, partnership, limited liability company, firm, or association.
- (F) "**Personal Information**" means any and all information, including any data, provided, or to which access is provided, to the Contractor by or upon the authorization of the County, under this Agreement, including but not limited to vital records, that: (i) identifies, describes, or relates to, or is associated with, or is capable of being used to identify, describe, or relate to, or associate with, a person (including, without limitation, names, physical descriptions, signatures, addresses, telephone numbers, e-mail addresses, education, financial matters, employment history, and other unique identifiers, as well as statements made by or attributable to the person); (ii) is used or is capable of being used to authenticate a person (including, without limitation, employee identification numbers, government-issued identification numbers, passwords or personal identification numbers (PINs), financial account numbers, credit report information, answers to security questions, and other personal identifiers); or (iii) is personal information within the meaning of California Civil Code section 1798.3, subdivision (a), or 1798.80, subdivision (e). Personal Information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.
- (G) "**Privacy Practices Complaint**" means a complaint received by the County relating to the Contractor's (or any Authorized Person's) privacy practices, or alleging a Security Breach. Such complaint shall have sufficient detail to enable the Contractor to promptly investigate and take remedial action under this Exhibit E.
- (H) "**Security Safeguards**" means physical, technical, administrative or organizational security procedures and practices put in place by the Contractor (or any Authorized Persons) that relate to the protection of the security, confidentiality, value, or integrity of Personal Information. Security Safeguards shall satisfy the minimal requirements set forth in section 3(C) of this Exhibit E.

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- (I) **"Security Breach"** means (i) any act or omission that compromises either the security, confidentiality, value, or integrity of any Personal Information or the Security Safeguards, or (ii) any unauthorized Use, Disclosure, or modification of, or any loss or destruction of, or any corruption of or damage to, any Personal Information.
- (J) **"Use"** or any derivative of that word means to receive, acquire, collect, apply, manipulate, employ, process, transmit, disseminate, access, store, disclose, or dispose of Personal Information.

2. Standard of Care

- (A) The Contractor acknowledges that, in the course of its engagement by the County under this Agreement, the Contractor, or any Authorized Persons, may Use Personal Information only as permitted in this Agreement.
- (B) The Contractor acknowledges that Personal Information is deemed to be confidential information of, or owned by, the County (or persons from whom the County receives or has received Personal Information) and is not confidential information of, or owned or by, the Contractor, or any Authorized Persons. The Contractor further acknowledges that all right, title, and interest in or to the Personal Information remains in the County (or persons from whom the County receives or has received Personal Information) regardless of the Contractor's, or any Authorized Person's, Use of that Personal Information.
- (C) The Contractor agrees and covenants in favor of the County that the Contractor shall:
 - (i) keep and maintain all Personal Information in strict confidence, using such degree of care under this section 2 as is reasonable and appropriate to avoid a Security Breach;
 - (ii) Use Personal Information exclusively for the purposes for which the Personal Information is made accessible to the Contractor pursuant to the terms of this Exhibit E;
 - (iii) not Use, Disclose, sell, rent, license, or otherwise make available Personal Information for the Contractor's own purposes or for the benefit of anyone other than the County, without the County's express prior written consent, which the County may give or withhold in its sole and absolute discretion; and
 - (iv) not, directly or indirectly, Disclose Personal Information to any person (an "Unauthorized Third Party") other than Authorized Persons pursuant to this Agreement, without the Director's express prior written consent.
- (D) Notwithstanding the foregoing paragraph, in any case in which the Contractor believes it, or any Authorized Person, is required to disclose Personal Information to government regulatory authorities, or pursuant to a legal proceeding, or otherwise as may be required by applicable law, Contractor shall (i) immediately notify the County of the specific demand for, and legal authority for the disclosure, including providing County with a copy of any notice, discovery demand, subpoena, or order, as applicable, received by the Contractor, or any Authorized Person, from any government regulatory authorities, or in relation to any legal proceeding, and (ii) promptly notify the County

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before such Personal Information is offered by the Contractor for such disclosure so that the County may have sufficient time to obtain a court order or take any other action the County may deem necessary to protect the Personal Information from such disclosure, and the Contractor shall cooperate with the County to minimize the scope of such disclosure of such Personal Information.

- (E) The Contractor shall remain liable to the County for the actions and omissions of any Unauthorized Third Party concerning its Use of such Personal Information as if they were the Contractor's own actions and omissions.

3. Information Security

- (A) The Contractor covenants, represents and warrants to the County that the Contractor's Use of Personal Information under this Agreement does and will at all times comply with all applicable federal, state, and local, privacy and data protection laws, as well as all other applicable regulations and directives, including but not limited to California Civil Code, Division 3, Part 4, Title 1.81 (beginning with section 1798.80), and the Song-Beverly Credit Card Act of 1971 (California Civil Code, Division 3, Part 4, Title 1.3, beginning with section 1747). If the Contractor Uses credit, debit or other payment cardholder information, the Contractor shall at all times remain in compliance with the Payment Card Industry Data Security Standard ("PCI DSS") requirements, including remaining aware at all times of changes to the PCI DSS and promptly implementing and maintaining all procedures and practices as may be necessary to remain in compliance with the PCI DSS, in each case, at the Contractor's sole cost and expense.
- (B) The Contractor covenants, represents and warrants to the County that, as of the effective date of this Agreement, the Contractor has not received notice of any violation of any privacy or data protection laws, as well as any other applicable regulations or directives, and is not the subject of any pending legal action or investigation by, any government regulatory authority regarding same.
- (C) Without limiting the Contractor's obligations under section 3(A) of this Exhibit E, the Contractor's (or Authorized Person's) Security Safeguards shall be no less rigorous than accepted industry practices and, at a minimum, include the following:
- (i) limiting Use of Personal Information strictly to the Contractor's and Authorized Persons' technical and administrative personnel who are necessary for the Contractor's, or Authorized Persons', Use of the Personal Information pursuant to this Agreement;
 - (ii) ensuring that all of the Contractor's connectivity to County computing systems will only be through the County's security gateways and firewalls, and only through security procedures approved upon the express prior written consent of the Director;
 - (iii) to the extent that they contain or provide access to Personal Information, (a) securing business facilities, data centers, paper files, servers, back-up systems and computing equipment, operating systems, and software applications, including, but not limited to, all mobile devices and other equipment, operating systems, and software applications with information storage capability; (b)

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employing adequate controls and data security measures, both internally and externally, to protect (1) the Personal Information from potential loss or misappropriation, or unauthorized Use, and (2) the County's operations from disruption and abuse; (c) having and maintaining network, device application, database and platform security; (d) maintaining authentication and access controls within media, computing equipment, operating systems, and software applications; and (e) installing and maintaining in all mobile, wireless, or handheld devices a secure internet connection, having continuously updated anti-virus software protection and a remote wipe feature always enabled, all of which is subject to express prior written consent of the Director;

- (iv) encrypting all Personal Information at advance encryption standards of Advanced Encryption Standards (AES) of 128 bit or higher (a) stored on any mobile devices, including but not limited to hard disks, portable storage devices, or remote installation, or (b) transmitted over public or wireless networks (the encrypted Personal Information must be subject to password or pass phrase, and be stored on a secure server and transferred by means of a Virtual Private Network (VPN) connection, or another type of secure connection, all of which is subject to express prior written consent of the Director);
 - (v) strictly segregating Personal Information from all other information of the Contractor, including any Authorized Person, or anyone with whom the Contractor or any Authorized Person deals so that Personal Information is not commingled with any other types of information;
 - (vi) having a patch management process including installation of all operating system and software vendor security patches;
 - (vii) maintaining appropriate personnel security and integrity procedures and practices, including, but not limited to, conducting background checks of Authorized Employees consistent with applicable law; and
 - (viii) providing appropriate privacy and information security training to Authorized Employees.
- (D) During the term of each Authorized Employee's employment by the Contractor, the Contractor shall cause such Authorized Employees to abide strictly by the Contractor's obligations under this Exhibit E. The Contractor shall maintain a disciplinary process to address any unauthorized Use of Personal Information by any Authorized Employees.
- (E) The Contractor shall, in a secure manner, backup daily, or more frequently if it is the Contractor's practice to do so more frequently, Personal Information received from the County, and the County shall have immediate, real time access, at all times, to such backups via a secure, remote access connection provided by the Contractor, through the Internet.
- (F) The Contractor shall provide the County with the name and contact information for each Authorized Employee (including such Authorized Employee's work shift, and at least one alternate Authorized Employee for each Authorized Employee during such work shift) who shall serve as the County's primary security contact with the Contractor and shall be

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available to assist the County twenty-four (24) hours per day, seven (7) days per week as a contact in resolving the Contractor's and any Authorized Persons' obligations associated with a Security Breach or a Privacy Practices Complaint.

- (G) The Contractor shall not knowingly include or authorize any Trojan Horse, back door, time bomb, drop dead device, worm, virus, or other code of any kind that may disable, erase, display any unauthorized message within, or otherwise impair any County computing system, with or without the intent to cause harm.

4. Security Breach Procedures

- (A) Immediately upon the Contractor's awareness or reasonable belief of a Security Breach, the Contractor shall (i) notify the Director of the Security Breach, such notice to be given first by telephone at the following telephone number, followed promptly by email at the following email address: (559) 600-6200 / servicedesk@fresnocountyca.gov (which telephone number and email address the County may update by providing notice to the Contractor), and (ii) preserve all relevant evidence (and cause any affected Authorized Person to preserve all relevant evidence) relating to the Security Breach. The notification shall include, to the extent reasonably possible, the identification of each type and the extent of Personal Information that has been, or is reasonably believed to have been, breached, including but not limited to, compromised, or subjected to unauthorized Use, Disclosure, or modification, or any loss or destruction, corruption, or damage.
- (B) Immediately following the Contractor's notification to the County of a Security Breach, as provided pursuant to section 4(A) of this Exhibit E, the Parties shall coordinate with each other to investigate the Security Breach. The Contractor agrees to fully cooperate with the County, including, without limitation:
- (i) assisting the County in conducting any investigation;
 - (ii) providing the County with physical access to the facilities and operations affected;
 - (iii) facilitating interviews with Authorized Persons and any of the Contractor's other employees knowledgeable of the matter; and
 - (iv) making available all relevant records, logs, files, data reporting and other materials required to comply with applicable law, regulation, industry standards, or as otherwise reasonably required by the County.

To that end, the Contractor shall, with respect to a Security Breach, be solely responsible, at its cost, for all notifications required by law and regulation, or deemed reasonably necessary by the County, and the Contractor shall provide a written report of the investigation and reporting required to the Director within 30 days after the Contractor's discovery of the Security Breach.

- (C) County shall promptly notify the Contractor of the Director's knowledge, or reasonable belief, of any Privacy Practices Complaint, and upon the Contractor's receipt of that notification, the Contractor shall promptly address such Privacy Practices Complaint, including taking any corrective action under this Exhibit E, all at the Contractor's sole expense, in accordance with applicable privacy rights, laws, regulations and standards.

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In the event the Contractor discovers a Security Breach, the Contractor shall treat the Privacy Practices Complaint as a Security Breach. Within 24 hours of the Contractor's receipt of notification of such Privacy Practices Complaint, the Contractor shall notify the County whether the matter is a Security Breach, or otherwise has been corrected and the manner of correction, or determined not to require corrective action and the reason for that determination.

- (D) The Contractor shall take prompt corrective action to respond to and remedy any Security Breach and take mitigating actions, including but not limiting to, preventing any reoccurrence of the Security Breach and correcting any deficiency in Security Safeguards as a result of such incident, all at the Contractor's sole expense, in accordance with applicable privacy rights, laws, regulations and standards. The Contractor shall reimburse the County for all reasonable costs incurred by the County in responding to, and mitigating damages caused by, any Security Breach, including all costs of the County incurred relation to any litigation or other action described section 4(E) of this Exhibit E.
- (E) The Contractor agrees to cooperate, at its sole expense, with the County in any litigation or other action to protect the County's rights relating to Personal Information, including the rights of persons from whom the County receives Personal Information.

5. Oversight of Security Compliance

- (A) The Contractor shall have and maintain a written information security policy that specifies Security Safeguards appropriate to the size and complexity of the Contractor's operations and the nature and scope of its activities.
- (B) Upon the County's written request, to confirm the Contractor's compliance with this Exhibit E, as well as any applicable laws, regulations and industry standards, the Contractor grants the County or, upon the County's election, a third party on the County's behalf, permission to perform an assessment, audit, examination or review of all controls in the Contractor's physical and technical environment in relation to all Personal Information that is Used by the Contractor pursuant to this Agreement. The Contractor shall fully cooperate with such assessment, audit or examination, as applicable, by providing the County or the third party on the County's behalf, access to all Authorized Employees and other knowledgeable personnel, physical premises, documentation, infrastructure and application software that is Used by the Contractor for Personal Information pursuant to this Agreement. In addition, the Contractor shall provide the County with the results of any audit by or on behalf of the Contractor that assesses the effectiveness of the Contractor's information security program as relevant to the security and confidentiality of Personal Information Used by the Contractor or Authorized Persons during the course of this Agreement under this Exhibit E.
- (C) The Contractor shall ensure that all Authorized Persons who Use Personal Information agree to the same restrictions and conditions in this Exhibit E. that apply to the Contractor with respect to such Personal Information by incorporating the relevant provisions of these provisions into a valid and binding written agreement between the Contractor and such Authorized Persons, or amending any written agreements to provide same.

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6. Return or Destruction of Personal Information. Upon the termination of this Agreement, the Contractor shall, and shall instruct all Authorized Persons to, promptly return to the County all Personal Information, whether in written, electronic or other form or media, in its possession or the possession of such Authorized Persons, in a machine readable form used by the County at the time of such return, or upon the express prior written consent of the Director, securely destroy all such Personal Information, and certify in writing to the County that such Personal Information have been returned to the County or disposed of securely, as applicable. If the Contractor is authorized to dispose of any such Personal Information, as provided in this Exhibit E, such certification shall state the date, time, and manner (including standard) of disposal and by whom, specifying the title of the individual. The Contractor shall comply with all reasonable directions provided by the Director with respect to the return or disposal of Personal Information and copies of Personal Information. If return or disposal of such Personal Information or copies of Personal Information is not feasible, the Contractor shall notify the County according, specifying the reason, and continue to extend the protections of this Exhibit E to all such Personal Information and copies of Personal Information. The Contractor shall not retain any copy of any Personal Information after returning or disposing of Personal Information as required by this section 6. The Contractor's obligations under this section 6 survive the termination of this Agreement and apply to all Personal Information that the Contractor retains if return or disposal is not feasible and to all Personal Information that the Contractor may later discover.

7. Equitable Relief. The Contractor acknowledges that any breach of its covenants or obligations set forth in this Exhibit E may cause the County irreparable harm for which monetary damages would not be adequate compensation and agrees that, in the event of such breach or threatened breach, the County is entitled to seek equitable relief, including a restraining order, injunctive relief, specific performance and any other relief that may be available from any court, in addition to any other remedy to which the County may be entitled at law or in equity. Such remedies shall not be deemed to be exclusive but shall be in addition to all other remedies available to the County at law or in equity or under this Agreement.

8. Indemnity. The Contractor shall defend, indemnify and hold harmless the County, its officers, employees, and agents, (each, a "**County Indemnitee**") from and against any and all infringement of intellectual property including, but not limited to infringement of copyright, trademark, and trade dress, invasion of privacy, information theft, and extortion, unauthorized Use, Disclosure, or modification of, or any loss or destruction of, or any corruption of or damage to, Personal Information, Security Breach response and remedy costs, credit monitoring expenses, forfeitures, losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, fines and penalties (including regulatory fines and penalties), costs or expenses of whatever kind, including attorneys' fees and costs, the cost of enforcing any right to indemnification or defense under this Exhibit E and the cost of pursuing any insurance providers, arising out of or resulting from any third party claim or action against any County Indemnitee in relation to the Contractor's, its officers, employees, or agents, or any Authorized Employee's or Authorized Person's, performance or failure to perform under this Exhibit E or arising out of or resulting from the Contractor's failure to comply with any of its obligations under this section 8. The provisions of this section 8 do not apply to the acts or omissions of the County. The provisions of this section 8 are cumulative to any other obligation of the Contractor to, defend, indemnify, or hold harmless any County Indemnitee under this Agreement. The provisions of this section 8 shall survive the termination of this Agreement.

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9. Survival. The respective rights and obligations of the Contractor and the County as stated in this Exhibit E shall survive the termination of this Agreement.

10. No Third Party Beneficiary. Nothing express or implied in the provisions of in this Exhibit E is intended to confer, nor shall anything in this Exhibit E confer, upon any person other than the County or the Contractor and their respective successors or assignees, any rights, remedies, obligations or liabilities whatsoever.

11. No County Warranty. The County does not make any warranty or representation whether any Personal Information in the Contractor's (or any Authorized Person's) possession or control, or Use by the Contractor (or any Authorized Person), pursuant to the terms of this Agreement is or will be secure from unauthorized Use, or a Security Breach or Privacy Practices Complaint.