



Sonoma County Community Development Commission
Sonoma County Housing Authority
Village Green II – USDA Project
1440 Guerneville Road, Santa Rosa, CA 95403-4107

REQUEST FOR PROPOSALS
INDEPENDENT FINANCIAL AUDITOR
FOR FISCAL YEAR ENDING JUNE 30, 2018

Issued February 16, 2018

**Sonoma County Community Development Commission
REQUEST FOR PROPOSALS: INDEPENDENT FINANCIAL AUDITOR
FOR FISCAL YEAR ENDING JUNE 30, 2018**

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Sonoma County Community Development Commission
REQUEST FOR PROPOSALS: INDEPENDENT FINANCIAL AUDITOR
FOR FISCAL YEAR ENDING JUNE 30, 2018

Section 1 General Information

The Sonoma County Community Development Commission (CDC) is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2018. This audit is to be performed in accordance with Generally Accepted Auditing Standards issued by the American Institute of Certified Public Accountants and Governmental Auditing Standards issued by the Comptroller General of the United States, General Accounting Office. The audit and the report to be issued shall meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). The financial statements are to be prepared using Generally Accepted Accounting Principles. The audit report and the financial statements will be subject to review and approval by the United States Department of Housing and Urban Development (HUD).

In addition, the CDC is requesting a separate proposal to audit the financial statements of a 34-unit affordable senior housing complex financed primarily through the U.S. Department of Agriculture (USDA) Rural Development program for June 30, 2018. This audit is to be performed in accordance with Generally Accepted Auditing Standards issued by the American Institute of Certified Public Accountants and Governmental Auditing Standards issued by the Comptroller General of the United States, General Accounting Office. The audit and the report to be issued shall meet the requirements of Uniform Guidance. The financial statements are to be prepared using Generally Accepted Accounting Principles. The audit report and the financial statements will be subject to review and approval by the USDA Rural Development. **This property should be treated as a separate and distinct entity for purposes of this proposal.**

Section 2 Agency Descriptions

The Sonoma County Community Development Commission was established approximately 40 years ago to provide for community development activities and affordable housing solutions. HUD has been the Commission's primary funding source for many years. The CDC is a "public body, corporate and politic" and its fiscal year is July 1 to June 30.

The CDC provides funding for the development of low-income rental & ownership housing, the rehabilitation of existing housing stock and a wide variety of community development type projects. The CDC administers the federally-funded Housing Choice Voucher (Section 8) program which is currently serving approximately 2800 households. The Sonoma County Board of Supervisors, acting as the Board of Commissioners, sets

policy for the agency. Additionally, several advisory committees meet periodically to review and provide recommendations on CDC projects and activities. The Sonoma County Community Development Commission is established as a separate public and corporate entity pursuant to Section 34110 of the California Health and Safety Code. The CDC is a component unit of the County of Sonoma for purposes of financial reporting. As a component unit, per GASB 61, the CDC's financial statements are reported discretely from the financial statements of the County of Sonoma.

The CDC is classified as an enterprise fund and uses the full accrual method of accounting. The CDC purchases many services from the County of Sonoma. The financial transactions are processed through the County of Sonoma's computerized accounting system and the bi-weekly payroll is processed by the County of Sonoma Auditor-Controller's Office. Automobiles operated by CDC staff are owned by and leased from the County of Sonoma. Mail room services, printing & duplicating services, computer maintenance services, telephone services, insurance coverage and legal services are also purchased from the County of Sonoma.

The CDC employs approximately 50 persons, five (5) of whom work in the accounting department.

The USDA financed property, Village Green II, is a 34-unit affordable senior housing complex located in the City of Sonoma. Village Green II prepares its financial statements in accordance with generally accepted accounting principles, and the books are maintained on the accrual basis of accounting with a fiscal year from July 1st to June 30th. The property and accounting is maintained by an outside property management company. The CDC receives monthly financial statements from the property management company, analyzes these and makes a journal entry to incorporate the property's total quarterly transactions into the CDC's financials. Village Green II is maintained in a separate fund and is required by the USDA to have a separate financial statement audit.

Section 3 Services Required

Part A Basic Services

The Sonoma County Community Development Commission is soliciting the services of a qualified firm of certified public accountants to audit the CDC's and Village Green II's financial statements for the fiscal year ending June 30, 2018 with the option to audit the financial statements for each of the two subsequent fiscal years. The reports are to be presented in compliance with the GASB 34 report model. This audit is to be performed in accordance with the provisions outlined in this request for proposals.

The CDC desires the auditor to express an opinion on the fair presentation of the CDC's and Village Green II's financial statements in conformity with generally accepted accounting principles. The auditor is to provide an "in-relation-to" opinion on the

supporting schedules based on the auditing procedures applied during the audit of the financial statements.

Part B Reports to be Issued

1. Independent auditor's report on the fair presentation of the financial statements in conformity with generally accepted accounting principles for the CDC and for Village Green II.
2. Report on internal controls over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Accounting Standards for the CDC and for Village Green II.
3. A schedule of findings and questioned costs which shall include a summary of the audits results, findings related to the financial statements and findings and questioned costs pertaining to the administration of federal awards for the CDC and for Village Green II.
4. Report on compliance with requirements that could have a direct and material effect on major programs and on internal control over compliance in accordance with Uniform Guidance for the CDC.
5. A report on compliance with specific requirements applicable to federal financial assistance for the CDC.
6. Independent accountant's report on applying agreed-upon procedures for Village Green II.
7. Any other reporting as required by Uniform Guidance and other federal requirements.
8. The auditor is obligated to provide information as may be requested by the audit firm responsible for the audit of the County of Sonoma.

Part C Other Accounting Services

The auditor will provide other accounting services during the course of the engagement. The other accounting services include:

1. Working jointly with the CDC staff in the drafting of both financial statements.
2. Consult and advise on presentation of financial statements.
3. Consult and advise on the Management's Discussion and Analysis.

4. Consult and advise on financial statement footnotes.
5. Consult and advise on Required Supplementary Information.
6. Formatting and duplicating the audit reports.
7. Establishing an identity (user ID) within HUD's REAC system.
8. Providing HUD-required supplementary information and procedures that pertain to the Housing Choice Voucher program.
9. Providing USDA-required supplementary information and procedures that pertain to Village Green II.

Note: HUD requires the CDC to submit its year-end financial information to the Real Estate Assessment Center (REAC) by way of an electronic submission over the internet. Auditor will acquire a user ID and password from HUD prior to August 31, 2018. Auditor will consult and advise on the Financial Data online submission as required by HUD. Auditor will complete the required auditor procedures for the online REAC submission. Auditor will attest to the data as to its "fair presentation in relation to audited basic financial statements." Auditor will provide a separate attestation of agreed-upon procedures engagements where by the auditor compares the electronically submitted data in the REAC staging database to the hard copy of the audit report and Financial Data Schedule (FDS). Auditor will adhere to HUD-published requirements while preparing the Schedule of Expenditures of Federal Awards.

10. Completion of auditor's portion of Federal Data Collection Form

Note: The CDC staff jointly and in coordination with the auditor will be responsible for the preparation of the Data Collection Form on Audits of State, Local Governments and Non-Profit Organizations. Auditor will consult and advise on this Bureau of Census Data Collection form. The CDC will require the auditor to complete the AUDITOR INFORMATION section of the report. The CDC will be responsible for completing the auditee's portion of the report and for sending said report to the Federal Audit Clearing House.

Section 4 Location and Key Dates

Firms interested in submitting a proposal must do so by March 12, 2018.

Part A Calendar

Request for proposal is issued	February 16, 2018
Due date for proposals (5:00 PM)	March 12, 2018
Selected firm is notified	March 19, 2018
Board approval of contract	April 3, 2018
Contract date	approx. April 6, 2018
Final audit report completed for CDC-wide audit	September 28, 2018
Auditor's portion of REAC submission	November 30, 2018
Auditor's portion of Data Collection Form	November 30, 2018

Part B Submission Location and Due Date

The Commission requires four copies of the proposals. The proposer shall submit the proposal documents in a sealed envelope which is to be marked as follows:

**Sealed Proposal for Audit Services
Sonoma County Community Development Commission
NOT TO BE OPENED UNTIL AFTER 5:00 PM ON MARCH 12, 2018**

The proposals are to be delivered to:

Dawn Chandler, Supervising Accountant
Sonoma County Community Development Commission
1440 Guerneville Road
Santa Rosa, CA 95403

If proposals are to be considered, they must be received by the CDC at the address mentioned above no later than **5:00 PM on Monday, March 12, 2018**.

Section 5 Proposal Requirements

Part A Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be performed, the commitment to perform the work within the time period, a statement why the firm believes itself to be qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for a period of sixty (60) days from date of submission. The proposer should state its ability to provide evidence of the insurance policies identified in the Agreement for Consulting Services. The letter of transmittal should include the following statement: "The proposer, (name of audit firm), warrants that all information provided in connection with this proposal is true and accurate." The letter of transmittal should clearly identify this proposal, the audit firms name, address, phone number, name of contact person and email address. The letter of transmittal should clearly state that, if selected, the proposer will execute the Agreement for Consulting Services. Contractor's proposal must specify any objections Contractor has to the Commission's standard form of agreement, and provide Commission with alternative proposed language. Matters not objected to by Contractor in its proposal will not be subject to later negotiation. Finally, the letter of transmittal should indicate whether a letter of engagement will be required by the auditor if selected.

NOTE: *If a letter of engagement is required, a copy of an unsigned rough draft of the letter of engagement must be included as a part of the proposal to be considered.*

Part B Technical Proposal

The Technical Proposal should follow the transmittal letter. The purpose of the Technical Proposal is to demonstrate the qualifications and capacity of the audit firm. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement.

Please provide the information as specified in items 1 through 5.

Item 1) Independence

The firm should provide an affirmative statement that it is independent of the Sonoma County Community Development Commission and the County of Sonoma as defined by generally accepted auditing standards.

Item 2) License

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

Item 3) Discipline

The firm shall provide information of the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations. The firm shall also provide the results of its last peer review.

Item 4) Partners and Staff Qualifications

Specifically identify the key staff that would be assigned to this engagement. Please include their experience in auditing community development commissions, housing authorities and USDA properties. The staff proposed for the engagement may be changed with equally qualified staff from the audit firm due to special circumstances, however, the CDC retains the right to approve or reject staff replacements.

Item 5) Experience

List the engagements performed in the last several years that are similar to the engagement described in this request for proposal. Please include client contact persons and their phone numbers.

Part C Price

Item 1) Maximum Price

Provide a bid price for services requested. The bid price should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses pertaining to the audit.

A total all-inclusive price for all services requested should be provided for each of the following fiscal years: the fiscal years ending June 30, 2018, June 30, 2019 and June 30, 2020. The CDC will not be responsible for expenses incurred in preparing and submitting the proposal. Such cost should not be included in the proposal.

Item 2) Hours and Rates

Please include the three Schedules of Professional Fees and Expenses identified herein as Attachments 1, 2 and 3. These schedules are the support for the all-inclusive maximum price for each audit year.

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

Part D: Auditor Questions:

Proposers may submit any questions until March 2, 2018. Questions are to be submitted in writing and addressed to Dawn Chandler, Sonoma County Community Development Commission, 1440 Guerneville Road, Santa Rosa, CA 95403. Alternatively, questions can be sent via e-mail to Ms. Chandler at Dawn.Chandler@sonoma-county.org. On March 7, 2018, copies of the written questions and the related responses will be emailed to potential applicants that provided email addresses for this purpose. A PDF copy of the June 30, 2017 audit report will be provided upon request.

Section 6 Evaluation of Proposals

All sealed proposals received by 5:00 PM on March 12, 2018 will be opened by the interdepartmental Audit Proposal Review Committee. The deadline is firm as to place, date and time. Upon request, the CDC will provide an acknowledgement of receipt.

The Audit Proposal Review Committee will review each proposal to ascertain:

1. Is the audit firm properly licensed in the State of California?
2. Is the firm independent from the CDC?
3. Has the firm been disciplined in the past three years and if so have any disciplinary items been cleared?
4. Has the firm included the results of a peer review? Does the firm propose to use a peer review process for the CDC audit?
5. Has a general description of the audit firm been included? Does this description provide the qualifications of key personnel? Is the quality of the firm's professional personnel adequate for this engagement?
6. Does the proposal respond to the needs of the CDC in regards to the audits?
7. Has the audit firm made a statement that the audit reports will be completed and submitted to the CDC by September 28th?
8. Does the firm have experience auditing other community development commissions and housing authorities? Does the firm have experience auditing USDA funded properties? Has the audit firm included the names of governmental agencies, contact persons and phone numbers for the purpose of reference reviews? Has the firm's experience with other commissions, housing authorities and USDA properties been acceptable?
9. Does the proposal adequately describe the work to be performed?
10. Has the firm completed and returned Attachments 1, 2, 3, and 4 if applicable?

The proposals will be evaluated and each proposal scored based upon the following point system.

1. The firm's verifiable experience auditing community development commissions, housing authorities and USDA properties. {40 points}
2. Experience of the specific staff that will be assigned to the CDC's and Village Green II's audit engagements. {25 points}
3. Presentation and completeness of the proposal and all requested information. {15 points}
4. Audit cost as shown on Attachments 1, 2, and 3. {10 points}
5. Quantity and quality of responses to reference inquiries. {10 points}

The CDC reserves the right to accept any and all proposals, to waive any irregularities in any proposal process, and to make an award of contract in any manner in which the CDC, acting in the sole and exclusive exercise of its discretion, deems to be in the CDC's best interest. The bid price is a selection criteria, however the award of the contract will not necessarily be made to the firm offering the lowest price.

The CDC shall negotiate with the most qualified proposer as determined by the rating system mentioned above. If the CDC is unable to reach an agreement with the highest ranked firm, it may negotiate with the second highest ranked firm, proceeding in turn to each firm, in order of rank, until a contract is executed.

The CDC Executive Director will execute a contract for auditing and related services only if and after the Sonoma County Board of Supervisors, acting as the Board of Commissioners, approves said contract.

Section 7 Other Conditions

The CDC reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal is acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the CDC and the selected audit firm.

The date-time stamp in the CDC's office will be the determining factor on the time of receipt.

The audit firm will not subcontract the work described within this RFP without the written permission of the Sonoma County Community Development Commission's Executive Director.

HUD requires the CDC to submit its year-end financial information by way of an electronic submission both prior to the audit and after the audit is complete. The two

submissions are transmitted via the U.S. Dept. of Housing and Urban Development Real Estate Assessment Center (REAC) online services. A portion of the initial submission includes the identification of the audit firm. The pre-audit submission is to be completed annually by the CDC prior to August 31st. The CDC accounting staff is responsible for the submission of the pre-audit submission.

The CDC's audit report is required to be submitted to the County of Sonoma Auditor–Controller's office on or before September 30th annually, to be included as a component unit of the County of Sonoma's Comprehensive Annual Financial Report (CAFR). The selected audit firm will be required to coordinate with the audit firm selected by the County of Sonoma in an effort to coordinate the presentation of audited financial information.

The CDC may require preparation of supplementary schedules to meet the audit requirements of grantor agencies.

All reports rendered to the CDC are the exclusive property of the Sonoma County Community Development Commission and are subject to its use and control. Auditor working papers are the property of the audit firm.

The CDC finance staff will provide normal cooperation and assistance during the audit including preparation of confirmation requests, retrieval and re-filing of supporting documents and reconciliations of major asset and liability balances. The CDC finance staff will perform the auditee responsibilities as specified in Uniform Guidance.

The auditor will be required to make working papers available to the following parties or their designees: County of Sonoma, Sonoma County Community Development Commission, the California State Controller's Office, the U.S. Department of Housing and Urban Development and the U.S. Department of Agriculture.

Section 8 Attachments

The following documents are attached to this request for proposals:

1. Schedule of Fees and Expenses, June 30, 2018
2. Schedule of Fees and Expenses, June 30, 2019
3. Schedule of Fees and Expenses, June 30, 2020
4. Declaration of Local Business for Services
5. Agreement for Consulting/Professional Services

Attachment 1
 Schedule of Professional Fees and Expenses for the Audit
 of the June 30, 2018 Financial Statements

Name of audit firm: _____

	Hours	Hourly Rates	Total
Partners	_____	_____	_____
Staff Accountants	_____	_____	_____
All other staff	_____	_____	_____
Out of pocket costs			_____
All other costs			_____
Total all-inclusive maximum price for the June 30, 2018 audit:		\$	=====

Sonoma County Community Development Commission

Attachment 2

Schedule of Professional Fees and Expenses for the Audit
of the June 30, 2019 Financial Statements

Name of audit firm: _____

		Hourly	
	Hours	Rates	Total
Partners	_____	_____	_____
Staff Accountants	_____	_____	_____
All other staff	_____	_____	_____
Out of pocket costs			_____
All other costs			_____
Total all-inclusive maximum price for the June 30, 2019 audit:		\$	=====

Sonoma County Community Development Commission

Attachment 3

Schedule of Professional Fees and Expenses for the Audit
of the June 30, 2020 Financial Statements

Name of audit firm: _____

		Hourly	
	Hours	Rates	Total
Partners	_____	_____	_____
Staff Accountants	_____	_____	_____
All other staff	_____	_____	_____
Out of pocket costs			_____
All other costs			_____
Total all-inclusive maximum price for the June 30, 2020 audit:		\$	=====

Attachment 4
DECLARATION OF LOCAL BUSINESS FOR SERVICES

Sonoma County gives local businesses a preference in formal solicitations of services as set forth in the County of Sonoma Local Preference Policy for Services.

In order to qualify for this preference, a business must meet *all* of the following criteria:

1. For businesses with a location in a city within Sonoma County, a valid business license if required by the city; and
2. A valid physical address located within Sonoma County from which the vendor or consultant operates or performs business on a day-to-day basis.

By completing and signing this form, the undersigned states that, under penalty of perjury, the statements provided herein are true and correct and that the business meets the definition of a local business as set forth in the County of Sonoma Local Preference Policy for Goods.

All information submitted is subject to investigation as well as disclosure to third parties under the California Public Records Act. Incomplete, unclear, or incomprehensible responses to the following will result in the bid not being considered for application of the County's local preference policy. False or dishonest responses will cause the rejection of the bid and curtail the declarant's ability to conduct business with the County in the future. It may also result in legal action.

1. Legal name of business: _____

2. Physical address of the principal place of business.

3. Business license issued by incorporated city within the County:

License Number Issued by: _____

Authorized Signature: _____ Date: _____

Printed Name & Title: _____

Attachment 5



Sonoma County Community Development Commission

Sonoma County Housing Authority

1440 Guerneville Road, Santa Rosa, CA 95403-4107

AGREEMENT FOR CONSULTING/PROFESSIONAL SERVICES

This agreement ("Agreement"), dated as of _____ ("Effective Date") is by and between the Sonoma County Community Development Commission, a public body corporate and politic (hereinafter "CDC"), and _____ (hereinafter "Consultant").

RECITALS

WHEREAS, Consultant represents that it is a duly qualified firm of certified public accountants, experienced in the preparation and interpretation of audit reports, standard auditing practices, legislated auditing requirements for governmental and public entities, and related services; and

WHEREAS, in the judgment of the CDC, it is necessary and desirable to employ the services of Consultant for auditing the CDC's financial statements and other related services as set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, the parties hereto agree as follows:

AGREEMENT

I. Scope of Services.

1.1 Consultant's Specified Services. Consultant shall perform the services described in Exhibit "A," attached hereto and incorporated herein by this reference (hereinafter "Scope of Work"), and within the times or by the dates as provided for in Exhibit "A" and pursuant to Article 7 Prosecution of Work. In the event of a conflict between the body of this Agreement and Exhibit "A", the provisions in the body of this Agreement shall control.

The auditor's engagement letter is attached as Exhibit "C." Exhibit "C" describes objectives of audit work, audit processes, internal controls testing, the term of the engagement, the roles of certain CDC staff, the role of the auditor, governmental auditing standards and other details related to the work to be performed. In the event of a conflict between the body of this Agreement and Exhibit "C", the provisions in the body of this Agreement shall control.

1.2 Cooperation With CDC. Consultant shall cooperate with the CDC, the CDC's Management, the County of Sonoma Auditor-Controller-Treasurer-Tax Collector's office, independent public accountancy or audit firms under contract with the County of Sonoma, and CDC staff in the performance of all work hereunder. The Consultant shall also cooperate and respond to reasonable inquiries of successor auditors to include allowing successor auditors to review working papers related to matters of continuing accounting significance.

1.3 Performance Standard. Consultant shall perform all work hereunder in a manner consistent with the level of competency and standard of care normally observed by a person practicing in Consultant's profession. If CDC determines that any of Consultant's work is not in accordance with such level of competency and standard of care, CDC, in its sole discretion, shall have the right to do any or all of the following: (a) require Consultant to meet with CDC to review the quality of the work and resolve matters of concern; (b) require Consultant to repeat the work at no additional charge until it is satisfactory; (c) terminate this Agreement pursuant to the provisions of Article 4; or (d) pursue any and all other remedies at law or in equity.

1.4 Assigned Personnel.

a. Consultant shall assign only competent personnel to perform work hereunder. In the event that at any time the CDC, in its sole discretion, desires the removal of any person or persons assigned by Consultant to perform work hereunder, Consultant shall remove such person or persons immediately upon receiving written notice from CDC.

b. Any and all persons identified in this Agreement or any exhibit hereto as the project manager, project team, or other professional performing work hereunder are deemed by the CDC to be key personnel whose services were a material inducement to the CDC to enter into this Agreement, and without whose services the CDC would not have entered into this Agreement. Consultant shall not remove, replace, substitute, or otherwise change any key personnel without the prior written consent of the CDC. ____ is designated as "key personnel" under this Agreement.

c. In the event that any of Consultant's personnel assigned to perform services under this Agreement become unavailable due to resignation, sickness, or other factors outside of Consultant's control, Consultant shall be responsible for timely provision of adequately qualified replacements.

2. Payment.

Consultant shall be paid a lump sum amount of \$_____, regardless of the number of hours or length of time necessary for Consultant to complete the services. Consultant shall not be entitled to any additional payment for any expenses incurred in completion of the services.

A breakdown of costs used to derive the lump sum amount, including but not limited to hourly rates, estimated travel expenses and other applicable rates, is specified in Exhibit ___, attached hereto and incorporated herein by this reference.

Upon completion of the work, Consultant shall submit its bill[s] for payment in a form approved by CDC. The bill[s] shall identify the services completed and the amount charged.

In no event shall the total payable under this Agreement exceed \$_____.

3. Term of Agreement.

The term of this Agreement shall be from _____, 2017 to June 30, 2018 unless terminated earlier in accordance with the provisions of Article 4 below. The term of this agreement can be extended for two additional terms for fiscal years ending June 30, 2019 and June 30, 2020. Each party will notify the other by January 1st of their intentions to extend this agreement for one year for work related to the upcoming fiscal year financial statements. The terms of this agreement can be extended upon Consultant's agreement in accordance with Exhibit "A," and at the discretion of the CDC's Executive Director.

4. Termination.

4.1 Termination Without Cause. Notwithstanding any other provision of this Agreement, at any time and without cause, the CDC shall have the right, in its sole discretion, to terminate this Agreement by giving five (5) days written notice to Consultant.

4.2 Termination for Cause. Notwithstanding any other provision of this Agreement, should Consultant fail to perform any of its obligations hereunder, within the time and in the manner herein provided, or otherwise violate any of the terms of this Agreement, the CDC may immediately terminate this Agreement by giving Consultant written notice of such termination, stating the reason for termination.

4.3 Delivery of Work Product and Final Payment Upon Termination.

In the event of termination, Consultant, within 14 days following the date of termination, shall deliver to the CDC all materials and work product subject to Section 9.9 and shall submit to the CDC an invoice showing the services performed, hours worked, and copies of receipts for reimbursable expenses up to the date of termination.

4.4 Payment Upon Termination. Upon termination of this Agreement by the CDC, Consultant shall be entitled to receive as full payment for all services satisfactorily rendered and expenses incurred hereunder, an amount which bears the same ratio to the total payment specified in the Agreement as the services satisfactorily rendered hereunder by Consultant bear to the total services otherwise required to be performed for such total payment; provided, however, that if the CDC terminates the Agreement for cause pursuant to Section 4.2, the CDC shall deduct from such amount the amount of damage, if any, sustained by CDC by virtue of the breach of the Agreement by Consultant.

4.5 Authority to Terminate. The CDC's Executive Director has the authority to terminate this Agreement on behalf of the CDC.

5. Indemnification.

Consultant agrees to accept all responsibility for loss or damage to any person or entity, including the CDC, and to indemnify, hold harmless, and release the CDC, its officers, agents, and employees, from and against any actions, claims, damages, liabilities, disabilities, or expenses, that may be asserted by any person or entity, including Consultant, that arise out of, pertain to, or relate to Consultant's performance or obligations under this Agreement. Consultant agrees to provide a complete defense for any claim or action brought against the CDC based upon a claim relating to Consultant's performance or obligations under this Agreement. Consultant's obligations under this Section 5 apply whether or not there is concurrent negligence on the CDC's part, but to the extent required by law, excluding liability due to the CDC's conduct. The CDC shall have the right to select its legal counsel at Consultant's expense, subject to Consultant's approval, which shall not be unreasonably withheld. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for Consultant or its agents under workers' compensation acts, disability benefits acts, or other employee benefit acts.

6. Insurance.

With respect to performance of work under this Agreement, Consultant shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain insurance as described in Exhibit B, which is attached hereto and incorporated herein by this reference.

7. Prosecution of Work.

7.1 Authority to Proceed; Force Majeure. The execution of this Agreement shall constitute Consultant's authority to proceed immediately with the performance of this Agreement. Performance of the services hereunder shall be completed within the time required herein, provided, however, that if the performance is delayed by earthquake, flood, high water, or other Act of God or by strike, lockout, or similar labor disturbances, the time for Consultant's performance of this Agreement shall be extended by a number of days equal to the number of days Consultant has been delayed.

8. Extra or Changed Work.

Extra or changed work or other changes to the Agreement may be authorized only by written amendment to this Agreement, signed by both parties. Minor changes, which do not increase the amount paid under the Agreement, and which do not significantly change the scope of work or significantly lengthen time schedules may be executed by the Executive Director in a form approved by County Counsel. The CDC must authorize all other extra or changed work. Failure of Consultant to secure such written authorization for extra or changed work shall constitute a waiver of any and all right to adjustment in the Agreement price or Agreement time due to such unauthorized work and thereafter Consultant shall be entitled to no compensation whatsoever for the performance of such work. Consultant further expressly waives any and all right or remedy by way of restitution and quantum meruit for any and all extra work performed without such express and prior written authorization of the CDC.

9. Representations of Consultant.

9.1 Standard of Care. CDC has relied upon the professional ability and training of Consultant as a material inducement to enter into this Agreement. Consultant hereby agrees that all its work shall be conducted in accordance with Generally Accepted Auditing Standards issued by American Institute of Certified Public Accountants, Governmental Auditing Standards issued by the Comptroller General of the United States, and the Single Audit Act. The audits and the reports will meet the

requirements of OMB Circular A-133, "Audits of State, Local Governments and Non-profit Organizations", the OMB Circular A-133 Compliance Supplements as applicable, the State Controller's Office guidelines §33080-33080.7, as well as the requirements of other applicable federal, state and local laws, it being understood that acceptance of Consultant's work by CDC shall not operate as a waiver or release.

9.2 Status of Consultant. The parties intend that Consultant, in performing the services specified herein, shall act as an independent contractor and shall control the work and the manner in which it is performed. Consultant is not to be considered an agent or employee of the CDC and is not entitled to participate in any pension plan, worker's compensation plan, insurance, bonus, or similar benefits the CDC provides its employees. In the event the CDC exercises its right to terminate this Agreement pursuant to Article 4, above, Consultant expressly agrees that it shall have no recourse or right of appeal under rules, regulations, ordinances, or laws applicable to employees.

9.3 Taxes. Consultant agrees to file federal and state tax returns and pay all applicable taxes on amounts paid pursuant to this Agreement and shall be solely liable and responsible to pay such taxes and other obligations, including, but not limited to, state and federal income and FICA taxes. Consultant agrees to indemnify and hold the CDC harmless from any liability which it may incur to the United States or to the State of California as a consequence of Consultant's failure to pay, when due, all such taxes and obligations. In case the CDC is audited for compliance regarding any withholding or other applicable taxes, Consultant agrees to furnish the CDC with proof of payment of taxes on these earnings.

9.4 Records Maintenance. Consultant shall keep and maintain full and complete documentation and accounting records concerning all services performed that are compensable under this Agreement and shall make such documents and records available to the CDC for inspection at any reasonable time. Consultant shall maintain such records for a period of four (4) years following completion of work hereunder.

9.5 Conflict of Interest. Consultant covenants that it presently has no interest and that it will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law or that would otherwise conflict in any manner or degree with the performance of its services hereunder. Consultant further covenants that in the performance of this Agreement no person having any such interests shall be employed. In addition, if requested to do so by the CDC, Consultant shall complete and file and shall require any other person doing work under this Agreement to complete and file a "Statement of Economic Interest" with the CDC disclosing Consultant's or such other person's financial interests.

9.6 Nondiscrimination. Consultant shall comply with all applicable federal, state, and local laws, rules, and regulations in regard to nondiscrimination in employment because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition, pregnancy, disability, sexual orientation or other prohibited basis, including without limitation, the County's Non-Discrimination Policy. All nondiscrimination rules or regulations required by law to be included in this Agreement are incorporated herein by this reference.

9.7 AIDS Discrimination. Consultant agrees to comply with the provisions of Chapter 19, Article II, of the Sonoma County Code prohibiting discrimination in housing, employment, and services because of AIDS or HIV infection during the term of this Agreement and any extensions of the term.

9.8 Assignment Of Rights. Consultant assigns to CDC all rights throughout the world in perpetuity in the nature of copyright, trademark, patent, right to ideas, in and to all versions of the plans and specifications, if any, now or later prepared by Consultant in connection with this Agreement. Consultant agrees to take such actions as are necessary to protect the rights assigned to CDC in this Agreement, and to refrain from taking any action which would impair those rights. Consultant's responsibilities under this provision include, but are not limited to, placing proper notice of copyright on all versions of the plans and specifications as CDC may direct, and refraining from disclosing any versions of the plans and specifications to any third party without first obtaining written permission of CDC. Consultant shall not use or permit another to use the plans and specifications in connection with this or any other project without first obtaining written permission of CDC.

9.9 Ownership And Disclosure Of Work Product. All reports, original drawings, graphics, plans, studies, and other data or documents ("documents"), in whatever form or format, assembled or prepared by Consultant or Consultant's subcontractors, consultants, and other agents in connection with this Agreement shall be the property of the CDC with the exception of original auditor workpapers. The CDC shall be entitled to immediate possession of such documents upon completion of the work pursuant to this Agreement. Upon expiration or termination of this Agreement, Consultant shall promptly deliver to the CDC all such documents, which have not already been provided to the CDC in such form or format, as the CDC deems appropriate. Such documents shall be and will remain the property of the CDC without restriction or limitation. Consultant may retain copies of the above-described documents but agrees not to disclose or discuss any information gathered, discovered, or generated in any way through this Agreement without the express written permission of the CDC.

10. Demand for Assurance.

Each party to this Agreement undertakes the obligation that the other's expectation of receiving due performance will not be impaired. When reasonable grounds for insecurity arise with respect to the performance of either party, the other may in writing demand adequate assurance of due performance and until such assurance is received may, if commercially reasonable, suspend any performance for which the agreed return has not been received. "Commercially reasonable" includes not only the conduct of a party with respect to performance under this Agreement, but also conduct with respect to other agreements with parties to this Agreement or others. After receipt of a justified demand, failure to provide within a reasonable time, but not exceeding thirty (30) days, such assurance of due performance as is adequate under the circumstances of the particular case is a repudiation of this Agreement. Acceptance of any improper delivery, service, or payment does not prejudice the aggrieved party's right to demand adequate assurance of future performance. Nothing in this Article 10 limits the CDC's right to terminate this Agreement pursuant to Article 4.

11. Assignment and Delegation.

Neither party hereto shall assign, delegate, sublet, or transfer any interest in or duty under this Agreement without the prior written consent of the other, and no such transfer shall be of any force or effect whatsoever unless and until the other party shall have so consented.

12. Method and Place of Giving Notice, Submitting Bills and Making Payments.

brought and tried in Santa Rosa or the forum nearest to the City of Santa Rosa, in the County of Sonoma.

13.6 Captions. The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.

13.7 Merger. This writing is intended both as the final expression of the Agreement between the parties hereto with respect to the included terms and as a complete and exclusive statement of the terms of the Agreement, pursuant to Code of Civil Procedure Section 1856. No modification of this Agreement shall be effective unless and until such modification is evidenced by a writing signed by both parties.

13.8 Time of Essence. Time is and shall be of the essence of this Agreement and every provision hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as set forth below.

CONSULTANT

Dated: _____

By: _____
Consultant

SONOMA COUNTY COMMUNITY DEVELOPMENT
COMMISSION

Dated: _____

By: _____
Margaret Van Vliet, Executive Director

CERTIFICATES OF INSURANCE ON FILE WITH AND
APPROVED AS TO SUBSTANCE BY THE CDC

Dated: _____

By: _____
Margaret Van Vliet, Executive Director

APPROVED AS TO FORM:

Dated: _____

By: _____
County Counsel

Exhibit A
SCOPE OF WORK & PAYMENT

Scope of Work

Auditor will audit the financial statements of the Sonoma County Community Development Commission (CDC) for the fiscal year ending June 30, 2018. The audit will encompass a financial and compliance examination of the CDC's basic financial statements, supplementary information and compliance reports. The auditors will perform an audit of the governmental activities, each major fund, and aggregate remaining fund information which comprise the financial statements of the CDC.

These audits will be performed in accordance with Generally Accepted Auditing Standards issued by American Institute of Certified Public Accountants, Governmental Auditing Standards issued by the Comptroller General of the United States, General Accounting Office. The audits and the reports will meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

The CDC-wide report is to be completed by September 28, 2018.

The auditor will express an opinion on the fair presentation of the financial statements in conformity with generally accepted accounting principles. The auditor will provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the financial statements.

The auditor will prepare the following reports based on the financial statements:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles;
2. A report on the fair presentation of the Schedule of Expenditures of Federal Awards;
3. A report on the fair presentation of the HUD-required Financial Data Schedule (FDS);
4. A report on compliance with applicable laws, regulations and provisions of contracts or grant agreements. The auditor will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a direct and material effect on each major program;
5. A report on the internal control structure used in administering federal financial assistance programs;
6. A schedule of findings and questioned costs which shall include a summary of the audit's results, findings related to the financial statements and findings and questioned costs pertaining to the administration of federal awards; and
7. The auditor will also prepare any other Uniform Guidance required reporting that are specifically require to be prepared by the auditor.

The auditor is obligated to provide information as may be requested by accountants working for the County of Sonoma (county employees) and Independent Public Accounting firms contracting with the County of Sonoma.

The auditor will provide other accounting services during the course of the engagement. The other accounting services include:

1. Reviewing the financial statements;
2. Consult and advise on presentation of financial statements in conformity with the GASB 34 report model;
3. Consult and advise on the Management's Discussion and Analysis;
4. Consult and advise on financial statement footnotes;
5. Consult and advise on Required Supplementary Information; and
6. Binding and duplicating the audit reports.
7. The auditor will supply the CDC with one unbound copy of the report. The auditor will supply the CDC with 5 bound copies of the CDC-wide report.

The U.S. Department of Housing and Urban Development (HUD) is the CDC's primary funding source. Auditor will become familiar with reports required by HUD for those programs administered by the CDC. In relation to HUD-funded programs the Auditor will also:

1. Provide an opinion as required by HUD on supplementary information;
2. Acquire a user ID and password from HUD for access into HUD's REAC computer system prior to August 22, 2018;
3. Consult and advise on the Financial Data online submission as required by HUD;
4. Complete the auditor's section of the online submission;
5. Attest to the data as to its "fair presentation in relation to audited basic financial statements;" Auditor will provide a separate attestation of agreed-upon procedures engagements where by the auditor compares the electronically submitted data in the REAC staging database to the hard copy of the audit report and Financial Data Schedule (FDS); and
6. Adhere to HUD-published requirements while preparing the Schedule of Expenditures of Federal Awards.

The CDC staff will be responsible for the preparation of the Data Collection Form on Audits of State, Local Governments and Non-Profit Organizations. Auditor will consult and advise on this Bureau of Census Data Collection form. The auditor will complete the AUDITOR INFORMATION section of the report. The CDC will be responsible for sending said report to the Federal Audit Clearing House.

The total all-inclusive maximum amount to be paid to the auditor under this agreement is not to exceed \$XX,XXX. The price includes all direct and indirect costs including all out-of-pocket auditor expenses pertaining to both the CDC-wide audit and the Redevelopment Agency audit for the fiscal year ending June 30, 2018.

If it should become necessary for the CDC to request the auditor to render any additional services to either supplement the services specified in this agreement or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the CDC and the audit firm.

The CDC's agency-wide audit report is submitted to the County of Sonoma Auditor–Controller's office on or before September 30th annually. The selected audit firm will be asked to coordinate with the audit firm selected by the County of Sonoma in an effort to coordinate the presentation of audited financial information.

All reports rendered to the CDC are the exclusive property of the CDC and are subject to its use and control. Auditor working papers are the property of the audit firm.

This agreement is for audit services and related work for a one-year period. The option to contract with the audit firm for audit services pertaining to the two individual fiscal years ending June 30, 2019 and June 30, 2020 will be upon mutual agreement between the consultant and the CDC's Executive Director. Each party will notify the other by January 1st of their intentions to extend this agreement for one year for work related to the upcoming fiscal year financial statements.

All working papers and reports must be retained, at the auditor's expense, for a minimum of four (4) years, unless the firm is notified in writing by the CDC of the need to shorten or extend the retention period. The auditor will be required to make working papers available to the following parties or their designees: County of Sonoma, CDC, the California State Controller's Office and the U.S. Department of Housing and Urban Development.

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

The CDC reserves the right to reduce the contract amount by \$100 for every calendar day between October 1, 2018 and the date of receipt of the final CDC-wide audit report. The CDC is responsible for providing all normal records necessary for an audit. The CDC may allow one day extension for each day a material portion of the records are not available after August 15, 2018.

During the term of this agreement the CDC will contact the auditor as an information resource. The auditor may be asked to provide guidance on implementation of GASB requirements and specifics of federal and state regulations as they may affect local government accounting.

Exhibit B

INSURANCE REQUIREMENTS

With respect to performance of work under this Agreement, Consultant shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain insurance as described below unless such insurance has been expressly waived by the attachment of a *Waiver of Insurance Requirements*. Any requirement for insurance to be maintained after completion of the work shall survive this agreement.

1. Workers Compensation and Employers Liability Insurance

- a. Required if Consultant has employees.
- b. Workers' Compensation insurance with statutory limits as required by the Labor Code of the State of California.
- c. Employers' Liability with limits of 1,000,000 per Accident; 1,000,000 Disease per employee; 1,000,000 Disease per policy.
- d. *Required Evidence of Coverage*:
 - i. Certificate of Insurance.

If Consultant currently has no employees, Consultant agrees to obtain the above-specified Workers' Compensation and Employers' Liability insurance should any employees be engaged during the term of this Agreement or any extensions of the term.

2. General Liability Insurance

- a. Commercial General Liability Insurance on a standard occurrence form, no less broad than ISO form CG 00 01.
- b. Minimum Limits: 1,000,000 per Occurrence; 2,000,000 General Aggregate; 2,000,000 Products/Completed Operations Aggregate.
- c. Consultant shall disclose any deductible or self-insured retention in excess of \$25,000 and such deductible or self-insured retention must be approved in advance by CDC. Consultant is responsible for any deductible or self-insured retention.
- d. **CDC, their officers, agents and employees, 1440 Guerneville Road, Santa Rosa, CA 95403** shall be additional insureds for liability arising out of operations by or on behalf of the Consultant in the performance of this agreement.
- e. The insurance provided to CDC, et al. as additional insureds shall apply on a primary and non-contributory basis with respect to any insurance or self-insurance program maintained by them.
- f. The policy definition of "insured contract" shall include assumptions of liability arising out of both ongoing operations and the products-completed operations hazard (broad form contractual liability coverage including the "f" definition of insured contract in ISO form CG 00 01, or equivalent).
- g. The policy shall cover inter-insured suits between CDC and Consultant and include a "separation of insureds" or "severability" clause which treats each insured separately.
- h. *Required Evidence of Coverage*:
 - i. Copy of the additional insured endorsement or policy language granting additional insured status, and
 - ii. Certificate of Insurance.

3. Automobile Liability Insurance

- a. Minimum Limit: \$300,000 Combined Single Limit per Accident; or Bodily Injury: \$100,000 per person/\$300,000 per accident and Property Damage: \$50,000 per accident.
- b. *Required Evidence of Coverage:*
 - i. Copy of Auto Policy Declarations Page *or* Certificate of Insurance.

4. Professional Liability Insurance

- a. Minimum Limit: \$1,000,000.
- b. Consultant shall disclose any deductible or self-insured retention in excess of \$25,000 and such deductible or self-insured retention must be approved in advance by CDC. Consultant is responsible for any deductible or self-insured retention.
- c. If the insurance is on a Claims-Made basis, the retroactive date shall be no later than the commencement of the work.
- d. Coverage applicable to the work performed under this Agreement shall be continued for two (2) years after completion of the work. Such continuation coverage may be provided by one of the following: (1) renewal of the existing policy; (2) an extended reporting period endorsement; or (3) replacement insurance with a retroactive date no later than the commencement of the work under this Agreement.
- e. *Required Evidence of Coverage:*
 - i. Certificate of Insurance.

5. Standards for Insurance Companies

Insurers shall have an A.M. Best's rating of at least A:VII.

6. Documentation

- a. The Certificate of Insurance must include the following reference: **Agreement for Auditing Services.**
- b. All required Evidence of Coverage shall be submitted prior to the execution of this Agreement. Consultant agrees to maintain current Evidence of Coverage on file with CDC for the required period of insurance.
- c. The name and address for Additional Insured endorsements and Certificates of Insurance is: **ATTN: Accounting, Sonoma County Community Development Commission, 1440 Guerneville Road, Santa Rosa, CA 95403.**
- d. Required Evidence of Coverage shall be submitted for any renewal or replacement of a policy that already exists, at least ten (10) days before expiration or other termination of the existing policy.
- e. Consultant shall provide immediate written notice if: (1) any of the required insurance policies is terminated; (2) the limits of any of the required policies are reduced; or (3) the deductible or self-insured retention is increased.
- f. Upon written request, certified copies of required insurance policies must be provided within thirty (30) days.

7. Policy Obligations

Consultant's indemnity and other obligations shall not be limited by the foregoing insurance requirements.

8. Material Breach

If Consultant fails to maintain insurance coverage which is required pursuant to this Agreement, it shall be deemed a material breach of this Agreement. CDC, at its sole option, may terminate this Agreement and obtain damages from Consultant resulting from said breach. Alternatively, CDC may purchase the required insurance coverage, and without further notice to Consultant, CDC may deduct from sums due to Consultant any premium costs advanced by CDC for such insurance. These remedies shall be in addition to any other remedies available to CDC.