

**Contract No. 25C5055**

**STANDARD SERVICES CONTRACT**

This Contract, which is effective on the date it is fully executed, is between the COUNTY OF SANTA CRUZ, hereinafter called COUNTY, and BROWN ARMSTRONG ACCOUNTANCY CORPORATION, hereinafter called CONTRACTOR. COUNTY and CONTRACTOR are each a "Party" to this Contract and are collectively the "Parties" to this Contract. The Parties agree as follows:

1. **DUTIES.** CONTRACTOR shall perform the following duties: Independent Audit Services. These duties are described in further detail in Attachment A, "Scope of Services", which is attached hereto and incorporated herein by reference.

2. **COMPENSATION.** COUNTY agrees to pay, and CONTRACTOR agrees to receive, compensation for the performance of its services under this Contract as follows: payment not to exceed \$453,150, as set forth in further detail in Attachment B, "Terms of Payment".

3. **TERM.** The term of this Contract shall be: March 25, 2025 through June 30, 2028. If this Contract is placed on the COUNTY's Continuing Agreement List before the Contract term expires, the Parties agree to extend the terms and conditions of the Contract as set forth herein, and as reflected in any executed amendment hereto, until the Contract is thereafter terminated.

4. **TERMINATION.**

A. **Termination for Cause.** COUNTY may, in its sole discretion, immediately terminate this Contract if CONTRACTOR fails to adequately perform the services required hereunder, fails to comply with the terms or conditions set forth herein, or violates any local, state or federal law, regulation or standard applicable to its performance hereunder.

B. **Termination Without Cause.** COUNTY may terminate this Contract without cause upon at least thirty (30) calendar days advance written notice which states the effective date of the termination. Such termination is without penalty to or further obligation of COUNTY.

C. **Termination Due to Insufficient Funding.** COUNTY's obligations under this Contract are contingent upon the availability of local, state and/or federal funds. In the event such funding is reduced or eliminated, COUNTY shall, at its sole discretion, determine whether this Contract shall be terminated. COUNTY shall provide CONTRACTOR at least seven (7) calendar days advance written notice of its intent to terminate this Contract due to insufficient funding.

D. **Compensation Upon Termination.** In the event this Contract is terminated, CONTRACTOR shall be entitled to compensation for uncompensated services provided pursuant to the terms and conditions set forth herein through and including the effective date of such termination. However, this provision shall not limit or reduce any damages owed to COUNTY due to a breach of this Contract by CONTRACTOR.

**5. INDEMNIFICATION FOR DAMAGES, TAXES AND CONTRIBUTIONS.**

To the fullest extent permitted by applicable law, CONTRACTOR shall exonerate, indemnify, defend, and hold harmless COUNTY (which for the purpose of Paragraphs 5 and 6 shall include, without limitation, its officers, officials, agents, employees and volunteers) from and against:

A. Any and all claims, demands, losses, damages, defense costs, expenses (including attorneys' fees and costs), fines, penalties, and liabilities of any kind or nature which COUNTY, CONTRACTOR, or any third party may sustain as a result of, arising out of, or in any manner connected with CONTRACTOR's performance or failure to comply with or perform under the terms of this Contract, excepting any liability arising out of the sole negligence of COUNTY. Such indemnification includes any damage to the person(s), or property(ies) of CONTRACTOR and third persons.

B. Any and all federal, state, and local taxes, charges, fees, or contributions required to be paid with respect to CONTRACTOR and CONTRACTOR's officers, employees, and agents engaged in the performance of this Contract (including, without limitation, unemployment insurance, social security and payroll tax withholding).

COUNTY may conduct or participate in its own defense without affecting CONTRACTOR's obligation to indemnify and hold harmless or defend COUNTY.

Acceptance of the insurance required by this Contract shall not relieve CONTRACTOR from liability under this provision. This provision shall apply to all claims for damages related to CONTRACTOR's performance hereunder, regardless of whether any insurance is applicable or not. The insurance policy limits set forth herein shall not act as a limitation upon the amount of indemnification or defense to be provided hereunder.

This Paragraph 5 shall survive the termination or expiration of this Contract.

**6. INSURANCE.** CONTRACTOR, at its sole cost and expense, for the full term of this Contract (and any extensions thereof), shall obtain and maintain, at minimum, compliance with all of the following insurance coverage(s) and requirements. Such insurance coverage shall be primary coverage and non-contributory as respects COUNTY and any insurance or self-insurance maintained by COUNTY shall be considered in excess of CONTRACTOR's insurance coverage and shall not contribute to it. If CONTRACTOR normally carries insurance in an amount greater than the minimum amount required by COUNTY for this Contract, that greater amount shall become the minimum required amount of insurance for purposes of this Contract. Therefore, CONTRACTOR hereby acknowledges and agrees that any and all insurances carried by it shall be deemed liability coverage for any and all actions it performs in connection with this Contract. Insurance is to be obtained from insurers reasonably acceptable to COUNTY.

If CONTRACTOR utilizes one or more subcontractors in the performance of this Contract, CONTRACTOR shall obtain and maintain Contractor's Protective Liability insurance as to each subcontractor or otherwise provide evidence of insurance coverage from each subcontractor equivalent to that required of CONTRACTOR in this Contract.

**A. Types of Insurance and Minimum Limits**

(i) Workers' Compensation Insurance in the minimum statutorily required coverage amounts.

(ii) Automobile Liability Insurance for each of CONTRACTOR's vehicles used in the performance of this Contract, including owned, non-owned (e.g. owned by CONTRACTOR's employees), leased or hired vehicles, in the minimum amount of \$500,000 combined single limit per occurrence for bodily injury and property damage.

(iii) Comprehensive or Commercial General Liability Insurance coverage at least as broad as the most recent ISO Form CG 00 01 with a minimum limit of \$2,000,000 per occurrence, and \$2,000,000 in the aggregate, including coverage for: (a) products and completed operations, (b) bodily and personal injury, (c) broad form property damage, (d) contractual liability, and (e) cross-liability.

(iv) Professional Liability Insurance in the minimum amount of \$1,000,000 combined single limit.

(v) Cyber liability insurance with limits of not less than \$1,000,000 per occurrence, and \$2,000,000 in the aggregate. Coverage must include claims involving Cyber Risks. The cyber liability policy must be endorsed 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 CONTRACTOR. "Cyber Risks" include but are not limited to (1) security breach; (2) data breach; (3) system failure; (4) data recovery; (5) failure to timely disclose data breach or security breach; (6) failure to comply with privacy policy; (7) business interruption; (8) cyber extortion; (9) invasion of privacy violations, including release of private information; (10) information theft; (11) release of private information; (12) payment card liabilities and costs; (13) infringement of intellectual property, including but not limited to infringement of copyright, trademark, and trade dress; (14) damage to or destruction or alteration of electronic information; (15) extortion related to CONTRACTOR's obligations under this Contract regarding electronic information, including personal information; (16) fraudulent instruction; (17) funds transfer fraud; (18) telephone fraud; (19) network security; (20) data breach response costs, including security breach response costs; (21) regulatory fines and penalties related to CONTRACTOR's obligations under this Contract regarding electronic information, including personal information; and (22) credit monitoring expenses.

**B. Other Insurance Provisions**

(i) If any insurance coverage required in this Contract is provided on a "Claims Made" rather than "Occurrence" form, CONTRACTOR agrees that the retroactive date thereof shall be no later than the date first written in Paragraph 3 of this Contract, and that it shall maintain the required coverage for a period of three (3) years after the expiration of this Contract (hereinafter "post Contract coverage") and any extensions thereof. CONTRACTOR may maintain the required post Contract coverage by renewal or purchase of prior acts or tail coverage. This provision is contingent upon post Contract coverage being both available and reasonably affordable in relation to the coverage provided during the term of this Contract. For purposes of interpreting this requirement, a cost not exceeding 100% of the last annual policy premium during the term of this Contract in order to purchase prior acts or tail coverage for post Contract coverage shall be deemed to be reasonable.

(ii) All policies of Comprehensive or Commercial General Liability Insurance shall be endorsed to cover the County of Santa Cruz, its officers, officials, employees, agents, and volunteers as additional insureds with respect to liability arising out of the work or operations and activities performed by or on behalf of CONTRACTOR, including materials, parts or equipment furnished in connection with such work or operations. Endorsements shall be at least as broad as

ISO Form CG 20 10 11 85, or both CG 20 10 10 01 and CG 20 37 10 01, covering both ongoing operations and products and completed operations.

(iii) All required policies shall be endorsed to contain the following clause:  
“This insurance shall not be canceled until after thirty (30) calendar days’ prior written notice (10 calendar days for nonpayment of premium) has been given to:

**County of Santa Cruz  
Auditor-Controller-  
Treasurer-Tax Collector  
Attn: Chief Deputy Auditor-Controller  
701 Ocean Street, Room 100  
Santa Cruz, CA 95060**

Should CONTRACTOR fail to obtain such an endorsement to any policy required hereunder, CONTRACTOR shall be responsible to provide at least thirty (30) calendar days’ notice (10 calendar days for nonpayment of premium) of cancellation of such policy to COUNTY as a material term of this Contract.

(iv) CONTRACTOR agrees to provide its insurance broker(s) with a full copy of these insurance provisions and provide COUNTY on or before the effective date of this Contract with Certificates of Insurance and endorsements for all required coverages. However, failure to obtain the required documents prior to the work beginning shall not waive CONTRACTOR’s obligation to provide them. All Certificates of Insurance and endorsements shall be delivered or sent to:

**County of Santa Cruz  
Auditor-Controller-  
Treasurer-Tax Collector  
Attn: Chief Deputy Auditor-Controller  
701 Ocean Street, Room 100  
Santa Cruz, CA 95060**

(v) CONTRACTOR hereby grants to COUNTY a waiver of any right of subrogation which any insurer of said CONTRACTOR may acquire against COUNTY by virtue of the payment of any loss under such insurance. CONTRACTOR agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not COUNTY has received a waiver of subrogation endorsement from the insurer.

7. **EQUAL EMPLOYMENT OPPORTUNITY.** During and in relation to the performance of this Contract, CONTRACTOR agrees as follows:

A. CONTRACTOR shall not discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, ancestry, physical or mental disability, medical condition (including cancer-related and genetic characteristics), marital status, sexual orientation, age (over 18), veteran status, gender, pregnancy, or any other non-merit factor unrelated to job duties. Such action shall include, but not be limited to, the following: recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, selection for training (including apprenticeship), employment, upgrading, demotion, or transfer. CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notice setting forth the provisions of this non-discrimination clause.

B. If this Contract provides compensation in excess of \$50,000 to CONTRACTOR and if CONTRACTOR employs fifteen (15) or more employees, the following requirements shall apply:

i. CONTRACTOR shall, in all solicitations or advertisements for employees placed by or on behalf of CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to race, color, creed, religion, national origin, ancestry, physical or mental disability, medical condition (including cancer-related and genetic characteristics), marital status, sexual orientation, age (over 18), veteran status, gender, pregnancy, or any other non-merit factor unrelated to job duties. Such action shall include, but not be limited to, the following: recruitment; advertising, layoff or termination, rates of pay or other forms of compensation, selection for training (including apprenticeship), employment, upgrading, demotion, or transfer. In addition, CONTRACTOR shall make a good faith effort to consider Minority/Women/Disabled Owned Business Enterprises in CONTRACTOR's solicitation of goods and services. Definitions for Minority/Women/Disabled Owned Business Enterprises are available from the COUNTY General Services Purchasing Division.

ii. In the event of CONTRACTOR's non-compliance with the non-discrimination clauses of this Contract or with any of the said rules, regulations, or orders said CONTRACTOR may be declared ineligible for further contracts with COUNTY.

iii. CONTRACTOR shall cause the foregoing provisions of subparagraphs 7B(i) and 7B(ii) to be inserted in all subcontracts for any work covered under this Contract by a subcontractor compensated more than \$50,000 and employing more than fifteen (15) employees, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

**8. INDEPENDENT CONTRACTOR.** CONTRACTOR and COUNTY agree that in performing its obligations under this Contract, CONTRACTOR, including its officers, agents, employees, and volunteers, is at all times acting and performing as an independent contractor, in an independent capacity, and not as an officer, agent, servant, employee, joint venturer, partner, or associate of COUNTY.

Because of its status as an independent contractor, CONTRACTOR has no right to employment rights or benefits available to COUNTY employees. CONTRACTOR is solely responsible for providing to its own employees all employee benefits required by law. CONTRACTOR shall save COUNTY harmless from all matters relating to the payment of CONTRACTOR's employees, including all payroll related taxes. COUNTY has no right to control, supervise, or direct the manner or method of CONTRACTOR's performance under this Contract, but COUNTY may verify that CONTRACTOR is performing according to the terms of this Contract.

**9. NOTICES.**

A. Contact Information. The persons having authority to give and receive notices provided for or permitted under this Contract include the following:

For COUNTY:  
Chief Deputy Auditor-Controller  
Auditor-Controller-Treasurer-Tax Collector  
701 Ocean Street, Room 100  
Santa Cruz, CA 95060  
Laura.bowers@santacruzcountyca.gov

For CONTRACTOR:  
Partner  
Brown Armstrong Accountancy Corp.  
4200 Truxtun Avenue, Suite 300  
Bakersfield, CA 93309  
lzimmerman@ba.cpa

B. Change of Contact Information. Either Party may change the information in Paragraph 9.A by giving notice as provided in Paragraph 9.C.

C. Method of Delivery. Each notice between COUNTY and CONTRACTOR provided for or permitted under this Contract must be in writing, state that it is a notice provided under this Contract, and be delivered either by personal service, by first-class United States mail, by an overnight commercial courier service, or by Portable Document Format (PDF) document attached to an email.

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

(ii) A notice delivered by first-class United States mail is effective three (3) COUNTY business days after deposit in the United States mail, postage prepaid, addressed to the recipient.

(iii) A notice delivered by an overnight commercial courier service is effective one (1) COUNTY business day after deposit with the overnight commercial courier service, delivery fees prepaid, with delivery instructions given for next day delivery, addressed to the recipient.

(iv) A notice delivered by telephonic facsimile transmission or by PDF document attached to an email is effective when transmission to the recipient is completed (but, if such transmission is completed outside of COUNTY's business hours, then such delivery is deemed to be effective at the next beginning of a COUNTY business day), provided that the sender maintains a machine record of the completed transmission.

10. NONASSIGNMENT. CONTRACTOR shall not assign this Contract without the prior written consent of COUNTY.

11. ACKNOWLEDGMENT. CONTRACTOR shall acknowledge in all reports and literature that the Santa Cruz County Board of Supervisors has provided funding to CONTRACTOR.

12. INSPECTIONS, AUDITS, AND PUBLIC RECORDS.

A. Inspection of Documents. CONTRACTOR shall make available to COUNTY, and COUNTY may examine at any time during business hours and as often as COUNTY deems reasonably necessary, all of CONTRACTOR's records and data with respect to the matters covered by this Contract, excluding attorney-client privileged communications. CONTRACTOR shall, upon request by COUNTY, permit COUNTY to audit and inspect all of such records and data to ensure CONTRACTOR's compliance with the terms of this Contract.

B. Retention and Audit of Records. CONTRACTOR shall retain records pertinent to this Contract for a period of not less than five (5) years after final payment under this Contract or until a final audit report is accepted by COUNTY, whichever occurs first. CONTRACTOR hereby agrees to be subject to the examination and audit by the Santa Cruz County Auditor-Controller-Treasurer-Tax Collector, the Auditor General of the State of California, or the designee of either, for a period of five (5) years after final payment under this Contract.

C. Public Records. COUNTY is not limited in any manner with respect to its public disclosure of this Contract or any record or data that CONTRACTOR may provide to COUNTY. COUNTY's public disclosure of this Contract or any record or data that CONTRACTOR may provide to COUNTY may include but is not limited to the following:

i. COUNTY may voluntarily, or upon request by any member of the public or governmental agency, disclose this Contract to the public or such governmental agency.

ii. COUNTY may voluntarily, or upon request by any member of the public or governmental agency, disclose to the public or such governmental agency any record or data that CONTRACTOR may provide to COUNTY, unless such disclosure is prohibited by court order.

iii. This Contract, and any record or data that CONTRACTOR may provide to COUNTY, is subject to public disclosure as a public record under the California Public Records Act (California Government Code, Title 1, Division 10, beginning with section 7920.000) ("CPRA").

iv. This Contract, and any record or data that CONTRACTOR may provide to COUNTY, is subject to public disclosure as information concerning the conduct of the people's business of the State of California under Article 1, section 3, subdivision (b) of the California Constitution.

v. Any marking of confidentiality or restricted access upon or otherwise made with respect to any record or data that CONTRACTOR may provide to COUNTY shall be disregarded and have no effect on COUNTY's right or duty to disclose to the public or governmental agency any such record or data.

D. Public Records Act Requests. CONTRACTOR shall cooperate with COUNTY with respect to any COUNTY demand for requested records.

i. If COUNTY receives a written or oral request under the CPRA to publicly disclose any record that is in CONTRACTOR's possession or control, and which COUNTY has a right, under any provision of this Contract or applicable law, to possess or control, then COUNTY may demand, in writing, that CONTRACTOR deliver to COUNTY, for purposes of public disclosure, the requested records that may be in the possession or control of CONTRACTOR. Within five (5) COUNTY business days after COUNTY's demand, CONTRACTOR shall (a) deliver to COUNTY all of the requested records that are in CONTRACTOR's possession or control, together with a written statement that CONTRACTOR, after conducting a diligent search, has produced all requested records that are in CONTRACTOR's possession or control, or (b) provide to COUNTY a written statement that CONTRACTOR, after conducting a diligent search, does not possess or control any of the requested records.

ii. If CONTRACTOR wishes to assert that any specific record or data is exempt from disclosure under the CPRA or other applicable law, it must deliver the record or data to COUNTY and assert the exemption by citation to specific legal authority within the written statement that it provides to COUNTY under this section. CONTRACTOR's assertion of any exemption from disclosure is not binding on COUNTY, but COUNTY will give at least ten (10) calendar days' advance written notice to CONTRACTOR before disclosing any record subject to CONTRACTOR's assertion of exemption from disclosure.

iii. CONTRACTOR shall indemnify COUNTY for any court-ordered award of costs or attorney's fees under the CPRA that results from CONTRACTOR's delay, claim of exemption, failure to produce any such records, or failure to cooperate with COUNTY with respect to any COUNTY demand for any such records.

iv. This provision shall not prohibit CONTRACTOR from seeking a protective order to prevent the disclosure of records CONTRACTOR has deemed or marked as confidential or restricted or proprietary.

E. This Paragraph 12 shall survive the termination or expiration of this Contract.

13. **PRESENTATION OF CLAIMS.** Presentation and processing of any or all claims arising out of or related to this Contract shall be made in accordance with the provisions contained in Chapter 1.05 of the Santa Cruz County Code, which by this reference is incorporated herein.

**14. ATTACHMENTS.** CONTRACTOR shall comply with the requirements of the following attachments to this Contract, each of which is incorporated herein by reference:

Attachment A, "Scope of Services"

Attachment B, "Terms of Payment"

Unless explicitly stated in an attachment, the language in the body of this Contract controls should a conflict arise between the language in the body of this Contract and any attachment to this Contract.

**15. LIVING WAGE.** This Contract is covered under Living Wage provisions if this Paragraph is initialed by COUNTY\_\_\_\_\_.

If Item # 15 above is initialed by COUNTY, then this Contract is subject to the provisions of Santa Cruz County Code Chapter 2.122, which requires payment of a living wage to covered employees. Non-compliance during the term of the Contract with these Living Wage provisions will be considered a material breach, and may result in termination of the Contract and/or pursuit of other legal or administrative remedies.

CONTRACTOR agrees to comply with Santa Cruz County Code section 2.122.140, if applicable.

**16. NON-BINDING UNTIL APPROVED.** Regardless of whether this Contract has been signed by all parties, if the total compensation identified in Paragraph 2 of this Contract is greater than \$200,000, this Contract is not binding on any party until the Contract has been approved by the Santa Cruz County Board of Supervisors.

**17. GENERAL TERMS.**

A. Compliance with Laws. CONTRACTOR shall, at its own cost, comply with all applicable federal, state, and local laws and regulations in the performance of its obligations under this Contract, including but not limited to workers compensation, labor, and confidentiality laws and regulations. This shall include, but is not limited to, obtaining the necessary licenses, permits, and any other required authorization to perform the work necessary to complete the terms of this Contract. CONTRACTOR bears sole responsibility for any violation of such laws and regulations by itself and agrees that it will indemnify, defend and hold COUNTY harmless for the consequences of any such violation, as referenced in Paragraph 5 of this Contract.

B. Standard of Practice. CONTRACTOR warrants that it has the degree of learning and skill ordinarily possessed by reputable professionals practicing in similar localities in the same profession and under similar circumstances. CONTRACTOR's duty is to exercise such care, skill and diligence as professionals engaged in the same profession ordinarily exercise under like circumstances.

C. Prior Acts Ratified. Any and all acts which may have already been consummated pursuant to the terms and conditions of this Contract are hereby ratified.

D. Modification. This Contract may not be modified, and no waiver is effective, except by written agreement signed by both Parties. CONTRACTOR acknowledges that COUNTY employees have no authority to modify this Contract except as expressly provided in this Contract.

E. Non-Liability of County Officers, Officials, Employees, Agents, Volunteers. No officer, official, employee, agent, or volunteer of COUNTY shall be personally liable to CONTRACTOR in the event of any default or breach by COUNTY.

F. Governing Law. The laws of the State of California govern all matters arising from or related to this Contract.

G. Jurisdiction and Venue. This Contract is signed and performed in Santa Cruz County, California. CONTRACTOR consents to California jurisdiction for actions arising from or related to this Contract, and, subject to the Government Claims Act, all such actions must be brought and maintained in Santa Cruz County.

H. Construction. The final form of this Contract is the result of the Parties' combined efforts. If anything in this Contract is found by a court of competent jurisdiction to be ambiguous, that ambiguity shall not be resolved by construing the terms of this Contract against either Party.

I. Headings. The headings and paragraph titles in this Contract are for convenience only and are not part of this Contract.

J. Severability. If anything in this Contract is found by a court of competent jurisdiction to be unlawful or otherwise unenforceable, the balance of this Contract remains in effect, and the Parties shall make best efforts to replace the unlawful or unenforceable part of this Contract with lawful and enforceable terms intended to accomplish the Parties' original intent.

K. No Waiver. Payment, waiver, or discharge by COUNTY of any liability or obligation of CONTRACTOR under this Contract on any one or more occasions is not a waiver of performance of any continuing or other obligation of CONTRACTOR and does not prohibit enforcement by COUNTY of any obligation on any other occasion.

L. No Third-Party Beneficiaries. This Contract does not and is not intended to create any rights or obligations for any person or entity except for the Parties.

M. Force Majeure. Neither Party hereto shall be liable or responsible for delays or failures in performance resulting from events beyond the reasonable control, and without the fault or negligence, of such Party. Such events shall include, without limitation, acts of God, strikes, lockouts, riots, acts of war, epidemics, pandemics, acts of government, fire, power failures, nuclear accidents, earthquakes, unusually severe weather, acts of terrorism or other disasters, whether or not similar to the foregoing.

N. Authorized Signature. CONTRACTOR represents and warrants to COUNTY that:

i. CONTRACTOR is duly authorized and empowered to sign and perform its obligations under this Contract.

ii. The individual signing this Contract on behalf of CONTRACTOR is duly authorized to do so and their signature on this Contract legally binds CONTRACTOR to the terms of this Contract.

O. Integrated Contract. This Contract, including its attachments, is the entire agreement between CONTRACTOR and COUNTY with respect to the subject matter of this Contract, and it supersedes all previous negotiations, proposals, commitments, writings, advertisements, publications, and understandings of any nature unless those things are expressly included in this Contract.

P. Counterpart Execution. This Contract, and any amendments hereto, may be executed in one (1) or more counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall be deemed to be one (1) and the same agreement. This Contract, and any amendments hereto, may be signed by manual or electronic signatures in accordance with any and all applicable local,

state and federal laws, regulations and standards, and such signatures shall constitute original signatures for all purposes. A signed copy of this Contract, and any amendments hereto, transmitted by email or by other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Contract and any amendments hereto.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

**[SIGNATURES APPEAR ON FOLLOWING PAGE]**

SIGNATURE PAGE

**Contract No. 25C5055**

**STANDARD SERVICES CONTRACT**

IN WITNESS WHEREOF, the parties hereto agree to the terms set forth above.

**2. BROWN ARMSTRONG ACCOUNTANCY CORPORATION 4. COUNTY OF SANTA CRUZ**

By:  \_\_\_\_\_ By: \_\_\_\_\_  
SIGNED BY: A867D7024ED... SIGNED  
Lindsey Zimmerman  
PRINTED PRINTED

Company Name: Brown Armstrong Accountancy Corporation


Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email: lzimmerman@ba.cpa

**1. APPROVED AS TO FORM**

 3/3/2025  
SIGNED BY: C1EA3B3FB75D476...  
Office of the County Counsel AMS# 25-1295

**3. APPROVED AS TO INSURANCE**

 \_\_\_\_\_  
SIGNED BY: E4EADC5BA53B4DB...  
Risk Management

**DISTRIBUTION:**

- Auditor-Controller-Treasurer-Tax Collector
- Risk Management
- Contractor

## Attachment A Scope of Services

### Extracted from Brown Armstrong Proposal:

#### Scope of Work

Our audits will be conducted in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will be fully compliant with all current Governmental Accounting Standards Board (GASB) pronouncements. We will also perform a single audit of the expenditures of federal grants in accordance with provisions of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

We will review the Annual Comprehensive Financial Report (ACFR) to ensure compliance with the reporting requirements for a Certificate of Achievement for Excellence in Financial Reporting issued by the Government Finance Officers Association (GFOA). We will provide technical guidance and interpretation of new GASB pronouncements to assist the County in reporting in accordance with Generally Accepted Accounting Principles and in achieving the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

We will perform the audits in accordance with Generally Accepted Auditing Standards (GAAS), Generally Accepted Government Auditing Standards (GAGAS) (the Yellow Book), and all applicable pronouncements of the American Institute of Certified Public Accountants (AICPA), Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB).

We will conduct a separate audit of the financial statements of the Redevelopment Successor Agency and express an opinion of the fair presentation of those statements in conformity with Generally Accepted Accounting Principles and compliance with provisions of Federal, State, and County statutes, ordinances, rules and regulations.

We will conduct a separate audit of the financial statements of the Library Financing Authority and express an opinion of the fair presentation of those statements in conformity with Generally Accepted Accounting Principles and compliance with provisions of Federal, State, and County statutes, ordinances, rules and regulations.

We will conduct a separate audit of the financial statements of the Library Facilities Financing Authority and express an opinion of the fair presentation of those statements in conformity with Generally Accepted Accounting Principles and compliance with provisions of Federal, State, and County statutes, ordinances, rules and regulations.

We will conduct a separate audit of the financial statements of the Sanitation District (a component unit of the County) and express an opinion of the fair presentation of those statements in conformity with Generally Accepted Accounting Principles and compliance with provisions of Federal, State, and County statutes, ordinances, rules and regulations.

We will audit the financial records and render an opinion on the fairness of the County's Schedule of Expenditures of Federal Awards in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

We will audit and provide a separate report expressing an opinion on the County's compliance with the Treasury Oversight Commission provisions and articles of Government Code Sections 27130-27137.

We will perform audits of all OCJP grant programs in accordance with guidelines provided by OCJP.

We will perform audits of all Department of Insurance grants in accordance with guidelines provided by the Department of Insurance.

We will perform audits of all Department of Justice grants in accordance with guidelines provided by the Department of Justice.

We will apply agreed-upon procedures as listed in the RFP section 3.10, on performing the cash count of the County on a quarterly basis.

We will review the County's internal controls and financial governance and make recommendations to improve fraud deterrence as necessary. We will provide the County Administrative Office with a draft of the "Management Letter" which will include internal control evaluations, findings and recommendations, if necessary.

***\*\* note that the Library Financing Authority and Library Facilities Financing Authority will enter into separate agreements for services with Brown Armstrong.***

## Attachment A Scope of Services (Continued)

### Commitment to Timelines

Brown Armstrong is proud of its timely delivery of quality audit reports to all our audit clients. During our planning phase, we will develop a Calendar of Activities that we will use to make sure key tasks are completed within set time frames. Our scheduling methods ensure that assigned personnel are not overscheduled and are available to commit the time required to assigned projects. We place an emphasis on Partner, Manager, and Senior level involvement with our audits to ensure the highest quality, due professional care and expertise.

We also form a "critical dates list" in which we discuss with management regularly to ensure all deadlines will be met. During our weekly meeting with the County's management team, we review the "critical dates list." Once we exit the field, we communicate with the management on a constant basis to keep everyone abreast on the status of our audit.

In addition to those methods, our secure portal of document transmission, ShareFile, alerts users when items are due. These methods will ensure that the County's ACFR is issued within 180 days of the fiscal year-end. A sample Critical Dates List can be found at Appendix V.

The methods employed to formulate our auditors' opinions consist of several functions. These functions and the related time requirements, as well as the timing are:

### Planning

During this phase of the audit, we will:

- Confer with management to coordinate our efforts with the County's efforts in terms of confirmations, schedules to be prepared, and critical dates to be met to ensure a smooth flow of the audit process;
- Prepare a preliminary assessment of the County's internal control structure utilizing the County's manuals and programs, including controls over federal and state financial assistance programs;
- Perform review of the Electronic Data Processing (EDP) controls relating to the County's computer system;
- Perform planning analytical procedures consisting of: (1) Comparative analytics (current balances versus budget and prior year); and (2) Predictive analysis (revenues and expenditures/expenses susceptible to such testing based on our expectations);
- Confer with management regarding the results of our planning;
- Submit questionnaires and requests for information to management regarding internal control. Our approach will emphasize transaction processing; investments, cash receipts, cash disbursements, payroll, capital assets, utility billing, self-insurance, and external reporting;
- Obtain an understanding of general ledger and related reports available for audit; and
- Obtain basic information from management relating to risk assessment, including fraud risks.

### Statistical Sampling

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

Review Area	Sample Size
Receipts and revenues	40-60
Disbursements and accounts payable	40-60
Payroll and related liabilities	40-60
Property taxes	40-60
Controls over requirements of federal and state grants, if required	40-60 (per major program)

Staff will perform internal control testing in May and shall be completed by May 31<sup>st</sup> with direct supervision by Ms. Le. Sample sizes will depend on the extent of reliance placed on the given sample and the volume of transactions involved. Statistical and random sampling will be used to ensure that all samples truly represent the population being tested. We will use audit command language (ACL) software and your on-site automated data system on an "inquiry only" basis for purposes of identifying the postings of items selected for testing. Findings will be discussed with management for accuracy and the process of recommendations immediately started.

## **Attachment A Scope of Services (Continued)**

### **Internal Control Evaluation and Audit Risk Assessment**

During this phase we will obtain an understanding of and evaluate key components of the County's internal control structure. We will also assess risk factors, including fraud risk relating to significant audit areas and transaction cycles. Procedures will consist of:

- Reviewing questionnaires and documents obtained from management regarding the internal control structure.
- Performing walk-throughs and tests of compliance with policies and procedures.
- Identifying risk factors, including fraud risk, relating to significant audit areas and transaction cycles.
- Interviewing key management personnel to verify or resolve complicated issues.
- Summarizing potential significant deficiencies and opportunities for efficiencies and improvements for discussion with management.

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

### **Type and Extent of Analytical Procedures**

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

### **Approach to Determining Laws and Regulations Subject to Audit Test Work**

Our experience with various municipal audit clients, most with federal or state monies, has created a reservoir of knowledge of many laws and regulations. However, by inquiry and observation, we will determine all major programs (over \$750,000 annually) participated in by the County. We then consult the actual law, the Federal Register, Catalogue of Federal programs, or the California State Controllers guide to State and Federal Compliance to obtain understanding of the requirements of the law. For major programs, we specifically test those requirements by inspection of documents.

### **Approach for Drawing Audit Samples for Compliance Tests**

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

### **Information Technology within the Financial Statement Audit**

Brown Armstrong utilizes the risk-based audit approach that recognizes the pervasiveness of Information Technology (IT) within business processes and financial transaction cycles. The first step is determining the level of IT sophistication, ranking entities by high, medium and low sophistication. High and Medium sophistication requires the assistance of a subject matter expert to evaluate and test the Information Technology and related controls. Once we have identified the relevant information systems we will test the IT General Controls surrounding the system to determine that the system can be relied upon. We will then test relevant application controls and integrate that control assessment with our manual control testing and risk assessment process. We also may utilize various Computer Assisted Audit Tools to improve both the efficiency and effectiveness of our substantive procedures.

In addition to the procedures noted above, we will provide recommendations to management on how to improve or streamline internal controls as they relate to your deployed Information Technology.

## **Attachment A Scope of Services (Continued)**

### **Extent of Electronic Data Processing (EDP) Software in the Engagement**

Each staff person has access to a personal computer, and has knowledge of CCH Pfx Engagement software we have purchased for auditing municipalities and report writing. We use this software in the beginning, inputting all prior year actual numbers, and the client current year budget, including amendments. We then input year-to-date numbers and run analytical work at the end of the audit comparing appropriation-expenditure numbers to prior year and budget amounts. All significant differences are investigated. Our software is capable of complete report writing, including combining statements and footnotes.

### **Identification of Computer Software**

Brown Armstrong uses Windows Server 2019 virtual servers in a VMWare environment hosted on redundant Cisco UCS physical servers. We use Microsoft 365 for our email, and we have a centralized data storage system running on a Netapp disk array. Our network backbone is comprised of Cisco routers and switches and we have SD-WAN connections to our satellite offices. Our servers are on protected power and have redundant drive arrays to eliminate any single points of failure. All of our data is backed up using Acronis. Acronis maintains a comprehensive information security and compliance program that includes administrative, physical, and technical controls based on ongoing risk assessments. Acronis information security policies and processes are based on broadly accepted international security standards such as ISO/IEC 27000 series or the National Institute of Standards and Technology (NIST), and take into account the requirements of related local regulation frameworks such as European Union's General Data Protection Regulation (GDPR) and the United States' Health Insurance Portability and Accountability Act (HIPAA). In addition, our IT department has partnered with a local Managed Service Provider to ensure we always have industry standard security safeguards in place, and that we proactively move to adopt the new standards as the security landscape evolves.

All key personnel assigned to your audit have computer application skills and experience in auditing computerized accounting systems. In addition, Brown Armstrong contracts with an outside IT consulting firm to perform testing on audit client's EDP and computer logistics on an as-needed basis.

In 2007, Brown Armstrong switched to paperless audits utilizing CCH Pfx Engagement software. Our staff is equipped with portable computer equipment that enables them to work effectively from the field. Our laptops have both hard drive encryption technology and tracking software to help us locate them in the case they are lost or stolen, and client data is regularly cleared off the local drives after jobs are finished. The data on each laptop in our main auditing software (CCH Pfx Engagement) is synched both with the central file room in our office and between each laptop in the field so there are multiple copies of the data available in case a laptop fails.

Additionally, Brian Letlow, our IT Director, provides a wide range of computer support to the Firm and its clients. Mr. Letlow is a Certified Network Engineer (CNE) and Certified Network Administrator (CNA).

### **Approach to be Taken to Understand Internal Control Structure**

This is the cornerstone of the engagement. Internal accounting control generally comprises the plan of organization and procedures and records that are concerned with the safeguarding of assets and reliability of financial records.

We will begin by preparing memoranda to fully describe all financial systems. We will then review the documents to isolate the significant strengths and weaknesses that would affect the extent of substantive audit procedures to be employed. Each strength is then tested and the results subjected to evaluation. These evaluations assist us in determining the amount of reliance we can place on those significant strengths we have identified.

## **Attachment A Scope of Services (Continued)**

Our primary approach to assimilating and gaining an understanding of internal controls is through inquiry and observation of your accounting and compliance staff, performing walkthroughs of all key accounting processes, and preparing detailed documentation annually. During this phase we will obtain an understanding of and evaluate key components of the County's internal control structure. We will also assess risk factors, including fraud risk relating to significant audit areas and transaction cycles. Procedures will consist of:

- Reviewing questionnaires and documents obtained from management regarding the internal control structure.
- Performing walk-throughs and tests of compliance with policies and procedures.
- Identifying risk factors, including fraud risk, relating to significant audit areas and transaction cycles.
- Interviewing key management personnel to verify or resolve complicated issues.
- Summarizing potential significant deficiencies and opportunities for efficiencies and improvements for discussion with management.

### **Establishment of Final Audit Plan**

Our audit plan will be based on the following:

- Results of our compliance and control testing;
- Analytical procedures applied to interim financial statements of the County;
- Results of our risk assessment;
- Results of audit brainstorming and team discussions; and
- Discussions with management.

### **Final Field Work**

We expect to begin the final stages of the work in October (subject to the County's approval).

During this phase, we will perform both analytical and substantive procedures such as variance analysis between prior year actual balances vs. current year actual balances and between current year actual balances vs. budget balances, predictive testing, confirming account balances, vouching revenues and expenditures and reviewing estimates for unpaid claims.

### **Supervision and Review**

The review process is constant throughout the engagement. Each working paper prepared by a staff accountant is reviewed by the engagement manager. All working papers are then reviewed by the engagement partner.

To be effective, the reviews must be conducted as the engagement progresses and as each important step is completed. Our procedure is for the audit manager and partner to review the work at the conclusion of each significant task through the engagement as an integral quality control procedure. The financial statements and report thereon are then reviewed by an audit partner not directly involved in the engagement for concurrence of opinion prior to release of the report to the County.

If conditions are discovered which lead to the belief that material errors, defalcations or other irregularities may exist, or if any other circumstances are encountered that require extended services, we will promptly advise you. No extended services will be performed unless they are authorized in the contractual agreement or in an amendment to the agreement.

### **Completion of the Audit**

At the completion of all of the above procedures, we will review the financial statements for GAAP compliance at our manager and partner level and utilize the GFOA checklist to ensure the County's financial statements meet the requirements of the GFOA for submission for the annual award. We will then issue drafts of all required reports, meet with the County to go over any potential recommendations and to discuss the drafts reports with appropriate County personnel. Upon approval by the County, we will issue our reports in final form and be available for a presentation to the Audit Committee and/or present all reports to the County Board of Supervisors at the meeting of their choice.

## **Attachment A Scope of Services (Continued)**

We will issue reports on the following:

1. An audit opinion on the fair presentation of the County's Annual Comprehensive Financial Report (ACFR) in conformity with generally accepted accounting principles. This opinion should be compliant with all provisions of GASB pronouncements.
2. All reports required for compliance with the provisions of the federal Single Audit Act of 1984 and the associated requirements of the Uniform Guidance.

In the required report[s] on compliance and internal controls, we will communicate any reportable conditions found during the audit.

Reportable conditions that are also material weaknesses will be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report[s] on compliance and internal controls.

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

Irregularities and illegal acts. We will be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the appropriate parties.

### **Exit Conference with Management**

An important process in our audit plan is to hold an exit conference with management. The purpose of the exit conference is to discuss the results of the audit, communicate to management any reportable conditions identified during our audit to allow management to respond to the finding(s) and discuss the draft report and timeline of the final delivery of the reports.

### **Expression of Opinion - Our Primary Purpose**

Our final review of the working papers includes a determination as to whether or not we have a basis to support our conclusion that the financial statements are presented fairly, in conformity with generally accepted accounting principles applied on a consistent basis, and that they contain adequate informative disclosure.

As a normal part of any examination we conduct, a management letter is prepared which identifies observations we have made in the course of our work with respect to accounting practices which are not generally accepted, deficiencies in internal control and operational inefficiencies, if any. At appropriate times operating personnel are consulted to ensure the correctness of our understanding. These findings are then communicated in writing to management and the Board together with our specific recommendations for improvements in accounting practices, operating practices and internal control procedures.

As a result of the aforementioned procedures, we will express an opinion as to the fair presentation of the financial statements of the County in accordance with generally accepted accounting principles applied on a basis consistent with the preceding year.

### **Proposed Segmentation and Level of Staff and Hours**

The following is a detailed audit schedule which includes a breakdown of each phase of the audit, staff levels, and hours projected for each phase. Our plan would be to obtain the trial balance one week prior to fieldwork and come onsite to complete fieldwork in one week due to our preparation prior.

**Attachment A  
Scope of Services  
(Continued)**

Timing	Phase	Staff	Hours
April/May	<b>Planning and Scope of Work</b> <ul style="list-style-type: none"> <li>Review and evaluate County's accounting and financial reporting. Prepare an overall memo of recommendations, potential issues, and suggestions for improvements.</li> <li>Entrance conference with Management to discuss audit approach, timing, assistance, and issues.</li> <li>Obtain understanding of the County and its environment.</li> <li>Develop audit programs.</li> <li>Establish critical dates list and provide a list of all schedules and deliverables to be prepared by the County by May 1<sup>st</sup>.</li> <li>Provide information request to the County.</li> <li>Obtain a preliminary Schedule of Expenditures of Federal Awards, if available for the latest closed month.</li> <li>Obtain confirmations from the County for emailing or utilizing confirmation.com.</li> </ul>	Partner Manager Senior Staff Clerical	3 8 10 12 4
	<b>Internal Control Evaluation and Audit Risk Assessment, Establishment of Audit Plan, and Interim Field Work</b> <ul style="list-style-type: none"> <li>Obtain and document our understanding of the following key internal control systems through walkthroughs, interviews of staff, and review of supporting documentation - all entities:               <ul style="list-style-type: none"> <li>Budgeting,</li> <li>Revenue, billing, accounts receivable and cash collections,</li> <li>Property taxes</li> <li>Cash Management and Investments</li> <li>Purchasing, expenditures, accounts payable and cash disbursements,</li> <li>Capital assets and journal entry procedures,</li> <li>Debt authorization, issuance and repayment,</li> <li>Payroll,</li> <li>SEFA preparation</li> <li>Understanding of Information Systems, and</li> <li>Other significant internal control systems as necessary.</li> </ul> </li> <li>Obtain and document all inter-fund/inter-reporting entity advances and current status, along with any allowances for doubtful accounts.</li> <li>Document if any on-behalf payments are made between County entities (debt, fringe benefits, other items).</li> <li>Document County's long-term debt status (including general obligation bonds, certificates of participation, etc.).</li> <li>Test Revenue Recognition at key points - cash collections for property taxes, sales tax, license and franchise fees, 3rd party collections.</li> </ul>	Partner Manager Senior Staff Clerical	4 40 40 100 0
May			

**Attachment A  
Scope of Services  
(Continued)**

Timing	Phase	Staff	Hours
September	<p>Internal Control Evaluation and Audit Risk Assessment, Establishment of Audit Plan, and Interim Field Work <i>Continued</i></p> <ul style="list-style-type: none"> <li>• Test cash disbursements at key points</li> <li>• Test property tax bills</li> <li>• Test the payroll process from start to finish.</li> <li>• Perform selected fraud testing.</li> <li>• Perform SAS 99 interviews.</li> <li>• Review minutes of Board meetings and other key committees.</li> <li>• Coordinate and assist County staff in the preparation of all appropriate confirmation requests.</li> <li>• Hold progress conference with Management at the beginning and end of Fieldwork.</li> <li>• Obtain trial balance for interim analytical procedures.</li> <li>• Detailed audit plan provided to the County, including all schedules to be prepared by the County.</li> <li>• Prepare year-end audit plan information list of all schedules to be prepared by the County.</li> </ul>		
	<p>Single Audit and Other Audit Areas</p> <ul style="list-style-type: none"> <li>• Obtain a preliminary Schedule of Expenditures of Federal Awards.</li> <li>• Perform audit tests of grant programs and Compliance with Federal Law and Regulations. Review grant documents; select sufficient number of transactions to test for compliance of Federal General and Specific requirements.</li> <li>• Review minutes of Board meetings and other key Committees.</li> <li>• Coordinate with and assist County staff in the preparation of all appropriate confirmation requests including: <ul style="list-style-type: none"> <li>○ Bank accounts</li> <li>○ Investment pool accounts</li> <li>○ Accounts receivable</li> <li>○ Federal grants</li> <li>○ Revenue from governmental agencies</li> <li>○ Bond and other debts</li> <li>○ Attorney letters</li> <li>○ Others, as required</li> </ul> </li> </ul>	<p>Partner Manager Senior Staff Clerical</p>	<p>38 65 132 254 26</p>
	<p>Year End Audit Procedures</p> <ul style="list-style-type: none"> <li>• Follow-up on all outstanding confirmations.</li> <li>• Verify and validate account balances by reviewing invoices, vouchers, resolutions, minutes and other documentation, as required.</li> <li>• Test bank reconciliations and investment balances</li> <li>• Perform AR and due from other governments cut off testing.</li> <li>• Perform testing over inventories/prepays if necessary.</li> <li>• Perform testing over new loans and payments through reviewing loan agreements and vouching.</li> <li>• Perform testing over material additions and deletions to capital assets.</li> <li>• Perform a search for unrecorded liabilities by reviewing disbursements subsequent to June 30, testing terms of contractual obligations, and interviewing staff.</li> <li>• Perform validating testing over accrued liabilities, unearned revenue, and deferred inflows.</li> <li>• Perform testing over debt through reviewing debt agreements, confirmations, and debt schedules.</li> </ul>		

**Attachment A  
Scope of Services  
(Continued)**

Timing	Phase	Staff	Hours
October/November	<b>Year End Audit Procedures <i>Continued</i></b> <ul style="list-style-type: none"> <li>Perform detail testing on the net pension and OPEB liabilities through reviewing the actuary reports and inputs.</li> <li>Perform testing over leases and SBITAs through validating management's analysis and reviewing agreements and inputs into the calculation for items.</li> <li>Validate due to/from and transfers between funds.</li> <li>Validate equity roll forwards and classification.</li> <li>Perform analytical review of revenues and expenditures. Determine reason for all material differences between budget and actual, test and verify County attestations.</li> <li>Complete payroll testing from journals to Form 941 amounts (cross fiscal year). Tie Form 941's to other available information.</li> <li>Perform review at subsequent event discussions with Management and review of all minutes of Board of Supervisors and other key committees.</li> <li>Finalize all potential findings, management letter comments and audit documentation.</li> <li>Issue final reports on State Grants by October 31<sup>st</sup></li> <li>Hold Progress Conference with County Auditor and Audit Committee - November 2<sup>nd</sup></li> </ul>	Partner Manager Senior Staff Clerical	6 40 60 120 0
	<b>Completion of the Audit and Financial Reporting</b> <ul style="list-style-type: none"> <li>Issue final reports on the following:               <ul style="list-style-type: none"> <li>Library Financing Authority by November 16<sup>th</sup></li> <li>Library Facilities Financing Authority by November 13<sup>th</sup></li> <li>Sanitation District by November 13<sup>th</sup></li> </ul> </li> <li>Review County's ACFR and provide suggested changes and improvements following the GFOA checklist by December 1<sup>st</sup></li> <li>Issue draft reports on the following by December 1<sup>st</sup>:               <ul style="list-style-type: none"> <li>County's ACFR, County Redevelopment Successor Agency, in accordance with generally accepted accounting principles and all applicable GASB pronouncements.</li> <li>A report on the compliance and on internal control over financial reporting based on an audit performed in accordance with <i>Government Auditing Standards</i>.</li> <li>Single Audit report on compliance with Requirements applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with Uniform Guidance.</li> <li>County's Compliance with Treasury Oversight Commission by December 16<sup>th</sup></li> <li>Management Letter addressed to the County Manager that includes recommendations for improvements in internal controls, accounting procedures, and other significant observations that are considered non-reportable conditions.</li> <li>Required Communications under SAS-114 and SAS-115, if necessary.</li> </ul> </li> <li>Finalize all reports, findings, and recommendations.</li> <li>Exit Conference with County Auditor-Controller and key personnel.</li> </ul>	Partner Manager Seniors Staff Clerical	25 6 18 58 12
		<b>Total Hours</b>	<b>1,081</b>

## Attachment A Scope of Services (Continued)

### Identification of Anticipated Potential Audit Problems

While we do not anticipate any issues with the audit, we will vigilantly examine and monitor the following relevant accounting issues.

Financial Reporting	Internal Control Structure
<ul style="list-style-type: none"> <li>Financial statement's compliance with current reporting and GASB disclosure requirements</li> <li>Compliance with various current GASB statements</li> <li>Perform valuations of Pension and OPEB benefits to determine the liability for all benefits promised to active, retired, and inactive plan members as of each valuation date</li> <li>Compliance with GASB Statement No. 87 &amp; 96</li> </ul>	<ul style="list-style-type: none"> <li>County's internal control functions and compliance with proper internal control philosophies</li> <li>Computer-system processes and controls and adequacy of the control environment</li> </ul>

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

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

### Quality Control

Brown Armstrong's objective is to establish and maintain a system of quality control to provide us with reasonable assurance - that is, a high, but not absolute, level of assurance - that the firm and its personnel comply with professional standards and applicable regulatory and legal requirements, and that the firm issues reports that are appropriate in the circumstances. A system of quality control consists of policies designed to achieve these objectives and the procedures necessary to implement and monitor compliance with those policies.

All employees and members of the firm have immediate and constant access to the firm's "System of Quality Control" and are personally responsible for understanding, implementing, and adhering to these policies and procedures. Brown Armstrong understands the importance of obtaining feedback on the system of quality control from its personnel and any firm member is strongly encouraged to communicate their views or concerns on quality control matters to any audit partner or manager.

The firm's system of quality control is intended to incorporate the six elements of a system of quality control as promulgated by the AICPA Auditing Standards Board's Statement on Quality Control Standards (SQCS) No. 8, "A Firm's System of Quality Control (Redrafted)," AICPA, Professional Standards, QC Section 10. The firm acknowledges that it must establish and maintain a system of quality control that includes policies and procedures addressing each of the following elements:

- Leadership responsibilities for quality and tone at the top
- Ethical requirements
- Acceptance and continuance of relationships
- Human resources
- Engagement performance
- Monitoring

## **Attachment A Scope of Services (Continued)**

Brown Armstrong has established an Audit Quality Committee that meets at least quarterly. The purpose of this committee is to discuss new GASB pronouncements and develop implementation plans to assist and ensure our clients implement new GASB pronouncements timely, monitor audit quality, and develop policies to train our staff and improve our audit procedures. All partners and managers involved with attestation engagements attend these meetings.

### **Quality Control of Financial Publications**

In addition to our well qualified team of auditors, we have a designated financial typing department. Our financial typing team of three has a combined total of 29 years of experience. The financial statements go through our typing department for the initial review, which includes footing and proofreading. Any comments are then provided to the manager. The manager and partner will review, and consult with the County if necessary, regarding material findings or inconsistencies that need to be modified and provide approved changes back to the typing department to be updated. Once the financials are close to being ready to be issued, it is provided to the concurring/technical reviewer for final review and comments and then final issuance.

### **Peer Review Report**

In addition, as part of our commitment to quality control, our firm conducts a primary partner review of all engagements and a concurring "cold" review. We have completed several External Quality Control reviews, with our most recent review receiving a "pass" rating, which is the highest rating available. A copy of our most recent External Quality Control review report is included as Appendix II.

## Attachment B Terms of Payment

Payments will be processed after receipt and project manager approval of monthly invoices based upon the amount of actual progress achieved during the preceding month.

COUNTY agrees to pay CONTRACTOR amounts not to exceed as shown below. These amounts will be compensation in full for all services to be provided and all costs incurred by CONTRACTOR under this Contract, including but not limited to the audit and expenses incidental to the preparation of the required reports.

Services to be Performed	Fiscal Year 2024-25 Reports	Fiscal Year 2025-26 Reports	Fiscal Year 2026-27 Reports	Total All Years
Audit of County's Financial Statements (ACFR)	\$ 80,000	\$ 80,000	\$ 80,000	\$ 240,000
Audit of Schedule of Federal Financial Assistance (Single Audit) for four major programs. \$7,700 for each additional major program.	25,000	25,000	25,000	75,000
Audit of Santa Cruz County Redevelopment Successor Agency	7,700	7,700	7,700	23,100
Audit of Santa Cruz County Sanitation District	9,850	9,850	9,850	29,550
Audit of Treasury Compliance (GC 27130 et seq)	3,500	3,500	3,500	10,500
Audit of Department of Insurance Grants	5,000	5,000	5,000	15,000
Quarterly Cash Counts	10,000	10,000	10,000	30,000
OCJP Grants (per grant report)	5,000	5,000	5,000	15,000
Depart of Justice Grants (per grant report)	5,000	5,000	5,000	15,000
<b><u>TOTAL COST</u></b>	<b>\$ 151,050</b>	<b>\$ 151,050</b>	<b>\$ 151,050</b>	<b>\$ 453,150</b>

## Certificate Of Completion

Envelope Id: 90A85152-CA0D-409A-AAA7-EB72B84D9C89	Status: Sent
Subject: Complete with Docusign: Brown Armstrong Standard Services Contract.pdf	
Source Envelope:	
Document Pages: 23	Signatures: 3
Certificate Pages: 5	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelope Stamping: Enabled	Brian Dermer
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	701 Ocean Street
	Santa Cruz, CA 95060
	Brian.Dermer@santacruzcountyca.gov
	IP Address: 63.194.190.100

## Record Tracking

Status: Original	Holder: Brian Dermer	Location: DocuSign
2/26/2025 1:02:51 PM	Brian.Dermer@santacruzcountyca.gov	
Security Appliance Status: Connected	Pool: FedRamp	
Storage Appliance Status: Connected	Pool: County of Santa Cruz	Location: Docusign

## Signer Events

Lindsey Zimmerman  
lzimmerman@ba.cpa  
Partner

Brown Armstrong Accountancy Corporation  
Security Level: Email, Account Authentication  
(None)

## Signature

Signed by:  
  
C930AB67D7024ED...

Signature Adoption: Pre-selected Style  
Using IP Address: 50.91.19.196

## Timestamp

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Viewed: 3/3/2025 1:35:47 PM  
Signed: 3/3/2025 1:36:50 PM

## Electronic Record and Signature Disclosure:

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Negine Mansour Sewitsky  
Negine.MansourSewitsky@santacruzcountyca.gov  
Security Level: Email, Account Authentication  
(None)

Signed by:  
  
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Signature Adoption: Pre-selected Style  
Using IP Address: 73.222.226.72

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Signed: 3/3/2025 11:28:17 PM

## Electronic Record and Signature Disclosure:

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ID: bfa460db-f120-4163-ad8d-f946e4c06840

Gina Borasi  
Gina.Borasi@santacruzcountyca.gov  
Risk Manager

County of Santa Cruz  
Security Level: Email, Account Authentication  
(None)

Signed by:  
  
E4EADC5BA53B4DB...

Signature Adoption: Pre-selected Style  
Using IP Address: 24.6.202.106

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## Electronic Record and Signature Disclosure:

Accepted: 12/18/2023 9:38:58 AM  
ID: 5f1392e5-7eb7-47e8-b6a6-baa8d5c3b8c6

Edith Driscoll  
Edith.Driscoll@santacruzcountyca.gov  
Security Level: Email, Account Authentication  
(None)

## Electronic Record and Signature Disclosure:

Accepted: 11/8/2023 2:32:11 PM  
ID: 877a513b-2a62-400b-8e86-d9d2b12b06f8

## In Person Signer Events

## Signature

## Timestamp

Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Brian Dermer brian.dermer@santacruzcountyca.gov Accounting Technician Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Accepted: 7/19/2022 2:34:10 PM ID: b2ba9147-a07b-429e-bf9a-fc955d88bc20		Sent: 3/4/2025 6:07:47 PM
Carbon Copy Events	Status	Timestamp
CBD eSignature cbd.esignature@santacruzcountyca.gov County of Santa Cruz Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Accepted: 6/20/2024 3:08:48 PM ID: 4b7794de-1393-406f-a9a3-56a92d4b90d7	COPIED	Sent: 3/4/2025 6:07:46 PM
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	2/26/2025 1:08:34 PM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

## **ELECTRONIC RECORD AND SIGNATURE DISCLOSURE**

From time to time, County of Santa Cruz (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

### **Getting paper copies**

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

### **Withdrawing your consent**

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

### **Consequences of changing your mind**

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

### **All notices and disclosures will be sent to you electronically**

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

### **How to contact County of Santa Cruz:**

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: [nada.algharib@santacruzcounty.us](mailto:nada.algharib@santacruzcounty.us)

### **To advise County of Santa Cruz of your new email address**

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at [nada.algharib@santacruzcounty.us](mailto:nada.algharib@santacruzcounty.us) and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

### **To request paper copies from County of Santa Cruz**

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to [nada.algharib@santacruzcounty.us](mailto:nada.algharib@santacruzcounty.us) and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

### **To withdraw your consent with County of Santa Cruz**

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to [nada.algharib@santacruzcounty.us](mailto:nada.algharib@santacruzcounty.us) and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

### **Required hardware and software**

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

### **Acknowledging your access and consent to receive and sign documents electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

By selecting the check-box next to ‘I agree to use electronic records and signatures’, you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify County of Santa Cruz as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by County of Santa Cruz during the course of your relationship with County of Santa Cruz.