



JOHN NAIMO
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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June 20, 2017

REVISED

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

18 June 20, 2017

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

LORI GLASGOW
EXECUTIVE OFFICER

Dear Supervisors:

**APPROVAL OF MASTER AGREEMENT FOR
AS-NEEDED CONTRACT STUDIES AND AUDITS
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

The Department of Auditor-Controller (A-C) seeks the Board of Supervisors' (Board) approval to execute Master Agreements for As-Needed Contract Studies and Audits (Master Agreement) with prequalified firms and to delegate authority to the A-C to execute additional Master Agreements with new qualified firms during the term of this Master Agreement.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize the A-C or designee to execute Master Agreements with each of the 24 firms listed on Attachment I to perform as-needed contract studies and audits. The Master Agreements are substantially similar to the attached Sample Master Agreement (Attachment II) and are effective July 1, 2017 through June 30, 2021.
2. Delegate authority to the A-C or designee to execute amendments to the Master Agreements to extend the term for up to three optional two-year extensions, effective at the beginning of the applicable agreement term, subject to review and approval as to form by County Counsel.

3. Delegate authority to the A-C or designee to execute Master Agreements with new qualified firms that meet the A-C's requirements for contract studies and audits established through the Request for Statement of Qualifications (RFSQ) solicitation process, and execute applicable amendments to the Master Agreements when the original contracting entity has merged, been purchased, or otherwise changed.
4. Delegate authority to the A-C or designee to amend the Master Agreements to comply with any changes in the Board policy, County Code, and federal and State laws.
5. Delegate authority to the A-C or designee to execute Work Orders issued under the Master Agreements and to add Project Types to individual Master Agreements when firms meet the A-C's requirements for financial/compliance audits, management audits, and studies.
6. Reject the Statement of Qualifications (SOQ) submitted by Vasquez & Company, LLP (Vasquez), and authorize the A-C to implement all necessary and appropriate actions to execute this recommended action.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will provide the A-C with a pool of pre-qualified firms eligible to bid on as-needed contract studies and audits and will enable the A-C to add qualified firms to the Master Agreement list on an ongoing basis. These firms have expertise in conducting various audits and studies.

The current Master Agreement, approved by the Board on April 10, 2007, is set to expire on June 30, 2017. The implementation of the Master Agreement has proven to be vital to County departments that require annual audits, including audits performed to retain program funding. The projects performed have included financial audits, special studies, and comprehensive management reviews. With a pool of qualified firms on the Master Agreement list, the A-C has been able to quickly respond to the Board and County departments' audit service needs when the County is short-staffed or for specialized services that require expertise that County staff does not possess.

Approval of the recommended actions will ensure the continuation of contract studies and audit services to the Board and County departments.

The A-C's recommended action number six (6) is based upon audits Vasquez performed of Chicana Service Action Center (CSAC), a former County contractor. The Los Angeles County District Attorney (LADA) filed criminal charges against three former CSAC executives in 2015 for embezzlement and misappropriation of public funds. The A-C's Office of County Investigations (OCI) conducted an investigation into Vasquez's

audits of CSAC, which led to the County initiating litigation against Vasquez on May 26, 2017. In the lawsuit, the County alleges Vasquez's audits of CSAC were false, misleading, and omitted material facts, and contributed to the losses suffered by the County from the alleged embezzlement and misappropriation by the former CSAC executives.

Implementation of Strategic Plan Goals

The recommended actions support the 2016-2021 Strategic Plan, Strategy III.3, Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability. The services provided by firms on the Master Agreement list are one of the tools the A-C uses to monitor financial procedures and internal control standards, and provide expert advice to policy-makers and managers to improve accountability, efficiency, and effectiveness of County operated programs.

FISCAL IMPACT/FINANCING

The Master Agreement does not guarantee any minimum amount of business to any particular firm and the County only incurs an obligation as services are performed by the firms through a Work Order process. When services are needed, a Work Order Request is released requesting proposals (including associated costs). The proposals are evaluated and the highest ranked proposal is recommended. The A-C will notify the Board of Work Orders that exceed \$100,000. Expenditures under these Master Agreements will vary from year to year based on the needs of County departments. After each fiscal year, the A-C will submit an annual report to the Board, summarizing the Master Agreement contracts awarded and the amounts expended.

Twelve County departments used the current Master Agreement list. The amount paid for contract services during Fiscal Year (FY) 2015-16 totaled \$1.2 million and averaged approximately \$44,500 per Work Order. Funding for these services is included in the Adopted Budgets of the A-C and County departments' budgets. Subsequent year funding will be requested by the A-C and County departments in their future fiscal year budgets for each annual term and any Work Order extensions, if applicable.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The term of these executed Master Agreements is July 1, 2017 through June 30, 2021. The County will have up to three optional two-year extensions, for a total potential term of ten years.

The Sample Master Agreement has been approved as to form by County Counsel. The Master Agreement contains the Board's required contract provisions including consideration of qualified County employees targeted for layoff and qualified GAIN/GROW participants for employment openings as well as compliance with the Jury

Service Ordinance, Safely Surrendered Baby Law, Child Support Compliance Program, County's Zero Tolerance Human Trafficking Policy, and Contractor Protection of Electronic County Information.

These Master Agreements are not subject to Proposition A because (1) the services provided are of an extraordinary professional or technical nature and of a temporary nature; (2) services are needed on an intermittent basis; or (3) the services are for independent analysis/evaluation, review, and/or audit and there is a need or contractual obligation for independence. Therefore, the services provided under the Master Agreements are not subject to the Living Wage Program (County Code Chapter 2.201). The services under the Master Agreements are also not subject to Board Policy No. 5.030, "Low-Cost Labor Resource Program," because of the specialized training needed to provide the services.

The Master Agreement contains a Cost of Living Adjustment (COLA) provision consistent with the County's policy on COLAs, which may be invoked only if the County elects to exercise salary increases for County employees.

Pursuant to Section 1.11 of the RFSQ, your Board is authorized to reject a SOQ submitted by any firm in response to the RFSQ. The A-C recommends your Board exercise this authority and reject Vasquez's SOQ for the following reasons:

In 2015, LADA charged three former CSAC executives with criminal embezzlement and misappropriation of public funds. After these criminal charges were filed, OCI began investigating Vasquez, which was CSAC's independent auditor while the embezzlement and misappropriation allegedly occurred. The findings from OCI's investigation led to the County initiating litigation against Vasquez on May 26, 2017. In the lawsuit, the County asserts Vasquez's audits of CSAC were false, misleading, and omitted material facts. The County also alleges that, if Vasquez had properly performed its auditing responsibilities, the County would have discovered the CSAC executives' misconduct earlier and could have prevented substantial County losses due to the embezzlement and misappropriation.

In a separate Board Letter, the A-C has also recommended your Board terminate the A-C's current Master Agreement with Vasquez.

CONTRACTING PROCESS

On December 13, 2016, the A-C released an RFSQ for As-Needed Contract Studies and Audits. The solicitation was posted on the County's "Doing Business with Us" website and e-mailed to the firms currently on our Master Agreement list. The A-C held an Optional Vendors' Conference on December 22, 2016, with three firms attending. An Addendum was released on December 30, 2016, answering firms' questions. Twenty-eight SOQs were received and reviewed by the

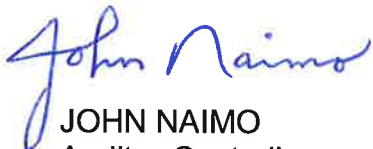
A-C. Of the 28 firms, 25 firms have met all of the RFSQ requirements, including acceptance of all standard County contracting terms and conditions. Attachment I identifies the qualified firms that are being recommended to be placed on the Master Agreement list upon approval by the Board, with the exception of Vasquez. Though Vasquez otherwise potentially qualified for placement on the Master Agreement list, the A-C recommends your Board reject Vasquez's SOQ due to the pending litigation against Vasquez, where it is alleged the firm's audits of CSAC were false, misleading, and omitted material facts.

New firms may submit an SOQ to be added to the Master Agreement list at any time during the term of the Master Agreement. Firms will be added to the Master Agreement list provided they meet the requirements identified in the RFSQ.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will continue to give the A-C the flexibility to efficiently solicit and contract with firms that provide necessary expertise and resources to perform as-needed contract studies and/or audit services for the County.

Respectfully submitted,



JOHN NAIMO
Auditor-Controller

JN:PH:LC:CL:cn

Attachments

c: Sachi A. Hamai, Chief Executive Officer
Mary C. Wickham, County Counsel
Lori Glasgow, Executive Officer, Board of Supervisors
Audit Committee
Public Information Office

RECOMMENDED MASTER AGREEMENT FIRMS

1. **Arroyo Associates, Inc.**
P.O. Box 90935, Pasadena, CA 91109
2. **Ashpaugh & Sculco, CPAs, PLC**
300 North New York Avenue, #879, Winter Park, FL 32789
3. **BCA Watson Rice, LLP**
21250 Hawthorne Boulevard, Suite 150, Torrance, CA 90503
4. **Citygate Associates, LLC**
2250 East Bidwell Street, Suite 100, Folsom, CA 95630
5. **Conrad, LLP**
23702 Birtcher Drive, Lake Forest, CA 92630
6. **Davis Farr, LLP ***
2301 Dupont Drive, Suite 200, Irvine, CA 92612
7. **Gary Bess Associates**
6931 Skyway, Paradise, CA 95969
8. **GCAP Services, Inc.**
3525 Hyland Avenue, Suite 260, Costa Mesa, CA 92626
9. **Harvey M. Rose Associates, LLC**
1390 Market Street, Suite 1150, San Francisco, CA 94102
10. **Huron Consulting Services, LLC**
550 W. Buren Street, Chicago, IL 60607
11. **Jones & Company Professional Corporation**
11755 Malaga Drive, Suite 1112, Rancho Cucamonga, CA 91730
12. **KH Consulting Group**
1901 Avenue of the Stars, 2nd Floor, Los Angeles, CA 90067
13. **Macias Consulting Group, Inc.**
3000 South Street, Suite 200, Sacramento, CA 95816
14. **Macias Gini & O'Connell, LLP**
777 South Figueroa Street, Suite 2500, Los Angeles, CA 90017
15. **Moss, Levy & Hartzheim, LLP**
5800 Hannum Avenue, Suite E, Culver City, CA 90230
16. **M.R. Grant, CPA**
6333 Wilshire Boulevard, Suite 511, Los Angeles, CA 90048
17. **Qiu Accountancy Corporation**
3580 Wilshire Boulevard, Suite 1126, Los Angeles, CA 90010

* New firms

- 18. Outlook Associates, LLC**
18022 Cowan, Suite 255, Irvine, CA 92614
- 19. Simpson & Simpson, LLP**
633 West 5th Street, Suite 3320, Los Angeles, CA 90071
- 20. Sjoberg Evashenk Consulting, Inc.**
455 Capitol Mall, Suite 700, Sacramento, CA 95814
- 21. Strategica, Inc.**
704 – 228th Avenue NE #415, Sammamish, WA 98074
- 22. Turner, Warren, Hwang & Conrad Accountancy Corporation ***
100 North First Street, Suite 202, Burbank, CA 91502
- 23. Vavrinek, Trine, Day & Company, LLP ***
10681 Foothill Boulevard, Suite 300, Rancho Cucamonga, CA 91730
- 24. Williams, Adley and Company-CA, LLP ***
7677 Oakport Street, Suite 1000, Oakland, CA 94621

* New firms

SAMPLE MASTER AGREEMENT



MASTER AGREEMENT

BY AND BETWEEN

COUNTY OF LOS ANGELES

DEPARTMENT OF AUDITOR-CONTROLLER

AND

(CONTRACTOR)

FOR

AS-NEEDED CONTRACT STUDIES AND AUDITS

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EXHIBITS

- A MASTER AGREEMENT ADMINISTRATION**
- B CONTRACTOR'S EQUAL EMPLOYMENT OPPORTUNITY (EEO) CERTIFICATION**
- C CONTRACTOR EMPLOYEE JURY SERVICE ORDINANCE**
- D SAFELY SURRENDERED BABY LAW**
- E CERTIFICATION OF NO CONFLICT OF INTEREST**
- F CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT**
- G CONTRACTOR'S ASSIGNMENT AND TRANSFER OF COPYRIGHT**
- H BUSINESS ASSOCIATE AGREEMENT UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA)**
- I SAMPLE WORK ORDER REQUEST**
- J SAMPLE WORK ORDER**
- K SAMPLE STATEMENT OF WORK**
- L PROPOSAL AND REPORT WRITING EXPECTATIONS**

**MASTER AGREEMENT BY AND BETWEEN
COUNTY OF LOS ANGELES,
DEPARTMENT OF AUDITOR-CONTROLLER
AND
CONTRACTOR
FOR
AS-NEEDED CONTRACT STUDIES AND AUDITS**

This Master Agreement and Exhibits made and entered into this ___ day of _____, 2017 by and between the County of Los Angeles, Department of Auditor-Controller hereinafter referred to as County and *Contractor*, hereinafter referred to as Contractor, to provide as-needed studies, management audits, and/or financial/compliance audits.

RECITALS

WHEREAS, the County may contract with private businesses for Contract Services when certain requirements are met; and

WHEREAS, the Contractor is a private firm specializing in providing studies, management audits, or financial/compliance audits; and

WHEREAS, this Master Agreement is therefore authorized under California Codes, Government Code Section 31000 which authorizes the Board of Supervisors to contract for special services; and

WHEREAS, the Board of Supervisors has authorized the Auditor-Controller or designee to execute and administer this Master Agreement; and

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the parties agree to the following:

1.0 APPLICABLE DOCUMENTS

Exhibits A, B, C, D, E, F, G, H, I, J, K, and L are attached to and form a part of this Master Agreement. In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between the base Master Agreement and the Exhibits, or between Exhibits, such conflict or inconsistency shall be resolved by giving precedence first to the Master Agreement and then to the Exhibits according to the following priority:

Exhibits:

- 1.1 EXHIBIT A – Master Agreement Administration
- 1.2 EXHIBIT B – Contractor’s Equal Employment Opportunity (EEO) Certification
- 1.3 EXHIBIT C – Contractor Employee Jury Service (Ordinance)
- 1.4 EXHIBIT D – Safely Surrendered Baby Law
- 1.5 Section Not Used
- 1.6 EXHIBIT E – Certification of No Conflict of Interest
- 1.7 EXHIBIT F – Contractor Acknowledgement and Confidentiality Agreement
- 1.8 EXHIBIT G – Contractor’ Assignment and Transfer of Copyright
- 1.9 EXHIBIT H – Business Associate Agreement under the Health Insurance Portability and Accountability Act of 1996 (HIPAA)
- 1.10 EXHIBIT I – Sample Work Order Request
- 1.11 EXHIBIT J – Sample Work Order
- 1.12 EXHIBIT K – Sample Statement of Work
- 1.13 EXHIBIT L – Proposal and Report Writing Expectations

2.0 DEFINITIONS

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. The following words as used herein shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used.

2.1 Contract Services

As-needed contracted studies, management audits, and/or financial/compliance audits, provided by Contractor to the County,

under the terms of this Master Agreement and a Work Order.

2.2 County Contract Administrator

The person authorized to execute this Master Agreement, Amendments, Extensions, Work Orders, and Work Order Amendments for the County as detailed in subsection 6.1.1, "County's Contract Administrator."

2.3 County Contract Manager

The person authorized to execute Work Order extensions for the County as detailed in subsection 6.1.2, "County Contract Manager."

2.4 County Project Manager

The person who shall manage an individual Work Order project, including the day to day interactions with the Contractor Project Administrator and Project Manager; approve additional personnel, and all deliverables; and authorize short term extensions of Work Orders for the County as detailed in subsection 6.1.3, "County Project Manager."

2.5 Contractor Master Agreement Administrator

The person representing the Contractor and authorized to sign the Master Agreement and Master Agreement amendments as detailed in subsection 6.2.1, "Contractor Master Agreement Administrator."

2.6 Contractor Project Administrator

The person representing the Contractor and authorized to submit proposals and sign Work Orders as detailed in subsection 6.2.2, "Contractor Project Administrator."

2.7 Contractor Project Manager

The person who shall manage and is responsible for the daily activities of the Contractor's project team for an individual Work Orders as detailed in subsection 6.2.3, "Contractor Project Manager."

2.8 County Fiscal Year

The period from July 1 of each year through June 30 of the following calendar year.

2.9 Day(s)

Calendar day(s) unless otherwise specified.

2.10 Inactive Status

Contractor will neither be sent Work Order Requests, nor be allowed to submit a proposal in response to a Work Order Request, for one or more project types.

2.11 Mandatory Completion Date

A project ending date set forth in the Work Order by which the project shall be completed. The Work Order may contain financial

adjustments to the Work Order Maximum Total Cost to ensure completion by the Mandatory Completion Date

2.12 Master Agreement

The County's standard non-exclusive Master Agreement entitled "Master Agreement for As-Needed Contract Studies and Audits." The Master Agreement is separately executed between the County and individual Contractor. The Master Agreement sets forth the terms and conditions for the issuance and performance of, and otherwise governs, subsequent Work Orders.

2.13 Multi-Year Repetitive Projects

Certain Master Agreement projects that are repeated on a cyclic basis and are solicited for more than one cycle as detailed in Section 3.5, "Work Order Process – Execution of Work Orders."

2.14 Project Type

The type of Contract Services as set forth in the Work Order Request or Work Order as detailed in Section 7, "Project Types and Requirements."

2.15 Qualified Contractor

A Contractor who has submitted a Statement of Qualifications (SOQ) in response to the County's Request For Statement of Qualifications (RFSQ); has met the minimum qualifications listed in the RFSQ, and has an executed Master Agreement with the County.

2.16 Request For Statement of Qualifications (RFSQ)

A solicitation based on establishing a pool of Qualified Vendors to provide services through Master Agreements.

2.17 Statement of Qualifications (SOQ)

A Contractor's response to an RFSQ.

2.18 Statement of Work

A written description of tasks and/or deliverables desired by the County for a specific Work Order.

2.19 Work Order (WO)

A subordinate agreement executed under this Master Agreement, for the performance of tasks and/or deliverables described in the Work Order. No work shall be performed by Contractor except in accordance with a signed Work Order. An example is shown in Exhibit J, "Sample Work Order."

2.20 Work Order Request (WOR)

The document used to solicit proposals for a given project. An example is shown in Exhibit I, "Sample Work Order Request."

2.21 Statement of Work (SOW)

A written description of tasks and/or deliverables desired by the County for a specific Work Order. The required work and deliverables shall be set forth in the Statement of Work with sufficient clarity and detail to enable the preparation of proposals, and the performance of the work by the selected Master Agreement Contractor. An example is shown in Exhibit K, "Sample Statement of Work."

3.0 WORK ORDERS

3.1 Pursuant to the provisions of this Master Agreement, the Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth herein.

3.2 Work Orders shall generally conform to Exhibit J. Each Work Order shall include an attached Statement of Work, which shall describe in detail the particular project and the work required for the performance thereof. Payment for all work shall be either on a time and materials basis or on a fixed price per deliverable basis, subject to the Maximum Total Cost specified on each individual Work Order.

3.3 If Contractor provides any task, deliverable, service, or other work to County that utilizes other than approved Contractor Personnel, and/or that goes beyond the Work Order expiration date, and/or that exceeds the Maximum Total Cost as specified in the Work Order as originally written or modified in accordance with Section 8.1, "Change Notice and Amendments," these shall be gratuitous efforts on the part of Contractor for which Contractor shall have no claim whatsoever against County.

3.4 Work Order Process - Selection of a Contractor

The County will usually use the following competitive process for issuing Work Order Requests, selecting a Contractor, and executing Work Orders.

3.4.1 The County will send a Work Order Request to each Contractor that has a Master Agreement for the Project Type, and is not on Inactive Status.

3.4.2 The Work Order Request will identify Contractor's response requirements and the date Contractor's proposal is due to the County.

3.4.3 The Work Order Request will sufficiently detail the project's scope, objectives, and required deliverables to allow Contractor to fairly assess its ability to perform the project requirements and to develop the costs to complete the project.

3.4.4 Prior to the receipt and opening of proposals, the County will create an evaluation document and select the evaluation factors and assign weights to those factors according to the requirements of the individual project. Such factors may include some or all of the following, or other factors deemed

relevant:

- Work Plan Quality
- Response Time
- Experience
- Project Costs

- 3.4.5 The County will review and evaluate all proposals received by the assigned “Proposals Due” date. Any and all responses to a Work Order Request which do not precisely comply with the requirements set forth in the Work Order Request may be rejected at the sole discretion of the County Contract Manager.
- 3.4.6 When it is determined to be in the best interest of the County, proposals that arrive after the “Proposals Due” date, may or may not be considered for evaluation, solely at the discretion of the County Contract Manager.
- 3.4.7 From the remaining proposals, which are accepted for consideration, representatives of the Department of Auditor-Controller (Department), and possibly other County departments or impartial third parties, will evaluate and score each of the proposals. The County Contract Administrator or designee may negotiate with the Contractors submitting proposals to select the Vendor that secures the best arrangement for the County.
- 3.4.9 In addition to the above competitive procedures, if the County determines it appropriate for the sake of efficiency, the County may provide notice and request responses from Master Agreement Contractors to qualify for a pool of Contractors to be involved in small projects. For each small project, a Contractor will be selected from this pool of Contractors.
- 3.4.10 On rare occasions, when it is in the County’s best interest, and when obtaining services without soliciting proposals is otherwise consistent with Los Angeles County Code Chapter 2.121, the County Contract Administrator may select a Contractor to perform a project, or may request responses only from a subgroup of Master Agreement Contractors, without offering a project to all Contractors qualified for a given project type. Such selection will usually be for one of the following reasons:
- Due to an extremely limited time frame for the project. Typically, this will be when directed to do so by the Board of Supervisors, or when an audit is required as soon as possible to assure continued funding for a County program.
 - To perform work of a limited nature, when a Master

Agreement Contractor is in a unique position to perform such work, usually because of the Master Agreement Contractor's specific expertise gained from a previous project.

3.5 Work Order Process – Execution of Work Orders

- 3.5.1 The County Contract Administrator will execute the Work Order with the Contractor Project Administrator of the selected Contractor.
- 3.5.2 Each Work Order will include an attached Statement of Work, which shall describe in detail the particular County project, the work required for its performance, the deliverables, and any special requirements of the project.
- 3.5.3 It is the intention of the County to conduct a re-solicitation every three years for on-going multi-year projects. The County's Work Order will be for the initial year of the project. Additional one-year renewal options may be exercised by mutual agreement, which shall be executed by the County Contract Administrator and the Contractor Project Administrator. Such renewal options may be executed under a subsequent Master Agreement, if such future Master Agreement exists.

3.6 Work Order Process – Description of Services

- 3.6.1 In accordance with this Master Agreement and under each subsequent Work Order, Contractor shall provide the County with Contract Services.
- 3.6.2 The particular work will be detailed in individual Work Orders as the need arises. Reports delivered to the County must be prepared in accordance with requirements set forth in this Master Agreement and the individual Work Order.
- 3.6.3. Under the provisions of this Master Agreement, Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth in each Work Order.
- 3.6.4 Contractor agrees that should work be performed outside the scope of any Work Order without the prior written approval of the County in accordance with Section 8.1, "Change Notices and Amendments," the work shall be deemed to be a gratuitous effort on the part of Contractor, and Contractor shall have no claim against the County.
- 3.6.5. If Contractor finds that more than the agreed upon hours to perform the Contract Services under a Work Order are required, Contractor shall provide the staff and hours necessary to perform the Services, with no increase in the

agreed upon Maximum Total Cost under the Work Order for such Services.

3.7 Report Quality Standards

Exhibit L, "Proposal and Report Writing Expectations," contains a portion of the Department's Audit Division Operating Manual regarding "Written Communications." While the style of Contractor's writing may differ, the Contractor's written communications shall be of at least the same quality level as the reports produced by the County.

3.7.1 Findings

Contractor's reports should address all of the attributes discussed in Exhibit L, Section II, "Attributes of a Well Written Audit Finding." Specifically, the following elements should be addressed for each finding:

- Condition
- Criteria
- Effect
- Cause
- Recommendation

3.7.2 Recommendations

Contractor's recommendations must be practical and attainable within the environment in which the department must legally and realistically operate. When recommendations involve major additions to or shifting of resources, Contractor must also identify alternative procedures and controls that can be implemented in the interim until such additions to or shifting of resources can be effected. Additionally, Contractor should attempt to identify opportunities to increase resources for implementing recommendations by: (1) increasing revenue, (2) reducing costs, or (3) re-allocating resources through an appropriate reordering of departmental operating priorities.

3.7.3 Draft Reports

Contractor's draft reports are for the purpose of discussing the issues, findings, and recommendations contained in the report. The draft reports should be fully reviewed, and all spelling and grammatical errors corrected prior to submitting the reports to the County.

3.7.4 Final Reports

Contractor's final report(s) should be signed and bound. Additionally, a reproducible master of all materials, and a disk copy of the report in an Adobe Portable Document File (PDF) format, with no security provisions, shall be delivered with the final report to the County Project Manager at the completion of

the project.

Whenever possible, an auditee's response to the report should be included with the final report.

3.7.5 Repetitive Projects

On projects requiring multiple similar reports with standard formats, such as the monitoring of several service providers, once a procedural or formatting problem with the draft reports has been resolved, it should not recur on subsequent reports submitted to the County.

3.7.6 Sample Reports

The following four reports are examples of the quality that is expected of Contractor's reports. These reports will be considered the standard to which Contractor reports may be compared. These reports and others are available for review on the Department's website located at:

<http://auditor.lacounty.gov>

- **Management Audit Report**

Office of the Assessor. Issued January 3, 2013 by a Master Agreement Contractor

[http://file.lacounty.gov/SDSInter/auditor/audit_reports/188657_2013-01-03OfficeoftheAssessor-ManagementAudit\(BoardAgendaItem36-A%2cApril10%2c2012\)withAllAttachments.pdf](http://file.lacounty.gov/SDSInter/auditor/audit_reports/188657_2013-01-03OfficeoftheAssessor-ManagementAudit(BoardAgendaItem36-A%2cApril10%2c2012)withAllAttachments.pdf)

- **Financial Compliance Audits of State Mandated Program Contracts**

Department of Public Social Services. Issued August 16, 2016 by a Master Agreement Contractor

http://file.lacounty.gov/SDSInter/auditor/audit_reports/247894_2016-08-16DepartmentofPublicSocialServices-StateMandatedFinancialandComplianceAuditsofProgramContracts-FiscalYears2013-14and2014-15.pdf

- **Financial and Compliance Audits of Redemption Property Tax Collections**

Department of Treasurer and Tax Collector. Issued March 7, 2016 by a Master Agreement Contractor

http://file.lacounty.gov/SDSInter/auditor/audit_reports/240781_2016-03-07TreasurerandTaxCollector-RedemptionPropertyTaxCollectionsFinancialandComplianceAuditsforFiscalYear2014-15.pdf

- **Fiscal Monitoring of Area Agency on Aging Program Services**

Department of Community and Senior Services. Issued June 21, 2016 by a Master Agreement Contractor

3.8 Contractor Personnel

- 3.8.1 Contractor shall offer qualified personnel, in response to the County's Work Order Requests, to satisfy the stated deliverable requirements as set forth in the Work Order Requests.
- 3.8.2 Contractor shall not replace or remove, without the prior written permission of the County Project Manager, personnel who have been approved by the County for a particular Work Order. Once personnel are assigned to a Work Order, those persons shall remain assigned until the Work Order is completed. This provision does not apply to instances of serious illness, death, employment termination, and other like causes beyond Contractor's control.
- 3.8.3 Where an employee of Contractor requests reassignment from a County Work Order, Contractor shall furnish the County with written notice of the request for reassignment and must not make a reassignment without the written approval of the County Project Manager. Contractor must provide the County with as much advance notice as is reasonably possible of termination of employment by an employee of Contractor for any reason. Contractor must use its best efforts to replace reassigned or terminated employees within five business days of the reassignment or termination.
- 3.8.4 The County has the absolute right, during the period of performance under a Work Order, to approve or disapprove any of Contractor's assigned personnel or any proposed changes in Contractor's personnel, and to require replacement of Contractor's personnel under a particular Work Order. In each instance, Contractor shall provide the County Project Manager with a résumé of the proposed replacement(s) and an opportunity to interview the person(s) prior to the County giving its approval or disapproval.
- 3.8.5 Notwithstanding any other provision of this Master Agreement, the County Project Manager may reject any Contractor personnel at any time for any reason or for no reason whatsoever. In the event of any such rejection, Contractor shall propose substitute qualified personnel for the County's approval for the particular Work Order.

3.9 County Approval of Completed Work

- 3.9.1 All tasks, deliverables, services, or other work performed by Contractor for any Work Order issued under this Master

Agreement must be approved in writing by the County Project Manager. The County Project Manager is responsible for the evaluation of Contractor's performance, including compliance with Work Order terms.

- 3.9.2 Approval or rejection of deliverables will not be unreasonably withheld and should not exceed four weeks from receipt of the deliverable by the County.

3.10 Reporting Suspected Fraud

At any time during the performance of any work under a Work Order, if the Contractor suspects fraud, employee misconduct or any other significant finding, the Contractor shall immediately notify the County's Fraud Hotline at <http://www.lacountyfraud.org/> or (800) 544-6861 and the County Contract Manager without contacting the auditee.

4.0 TERM OF MASTER AGREEMENT

- 4.1 This Master Agreement is effective upon the date of its execution by both the Contractor and the County Contract Administrator or his/her designee as authorized by the Board of Supervisors. This Master Agreement shall expire on June 30, 2021 unless extended or terminated, in whole or in part, as provided herein.

- 4.2 The County shall have the sole option to extend the Master Agreement term for up to three additional two-year periods for a maximum total Master Agreement term of ten years. Each such option and extension shall be exercised at the sole discretion of the Auditor-Controller or his/her designee as authorized by the Board of Supervisors. Such extension shall be accomplished as specified in Section 8.1, "Change Notice and Amendments."

The County maintains databases that track/monitor contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.

- 4.3 This Master Agreement shall continue in full force and effect until all Work Orders signed before the termination date of this Master Agreement, as stated above, have been completed, or otherwise terminated, unless the parties, by written amendment, substitute the terms of a subsequent Master Agreement.

5.0 MAXIMUM TOTAL COST, PAYMENT, AND RATES

- 5.1 Contractor shall not be entitled to any payment by County under this Master Agreement except pursuant to validly executed and satisfactorily performed Work Orders.
- 5.2 The Contractor shall not be entitled to payment or reimbursement for any tasks or services performed, nor for any incidental or

administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein. Assumption or takeover of any of the Contractor's duties, responsibilities, or obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever, shall occur only with the County's express prior written approval.

5.3 No Payment for Services Provided Following Expiration/Termination of Master Agreement

Contractor shall have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the expiration or other termination of this Master Agreement, with the exception of active work orders signed before the termination date of this Master Agreement that have not been completed. Should Contractor receive any such payment it shall immediately notify County and shall immediately repay all such funds to County. Payment by County for services rendered after expiration/termination of this Master Agreement shall not constitute a waiver of County's right to recover such payment from Contractor. This provision shall survive the expiration or other termination of this Master Agreement.

5.4 Representative Position Titles and Hourly Billing Rates

Contractor's Position Titles and Hourly Billing Rates, set forth in this Master Agreement, are **representative only**, and will not be considered an exact rate to be used in proposals for individual Work Orders. Contractor may increase or discount its rates in a proposal for a Work Order.

5.5 Work Order Invoices, Approvals, and Payments

5.5.1 All invoices submitted by Contractor for payment must be submitted as specified in the Work Order, and Contractor shall be paid for only those tasks, deliverables, services and other work authorized in the Work Order. In no event shall the County be liable or responsible for any payment prior to such written approval.

5.5.2 The County's approval for payment will not be unreasonably withheld, and the County will make reasonable efforts to pay invoices within 30 days of receipt of properly prepared invoice. With the County Project Manager's approval, the County shall pay the invoice amount, less a withholding amount as described in subsection 5.5.3, up to the Maximum Total Cost for the Work Order.

5.5.3 The County will usually withhold 10% of each invoice, or at a minimum the last \$5,000 of the Maximum Total Cost for the Work Order.

5.5.4 For certain Work Order Projects, Contractor may be required to submit certain deliverables, subject to the County's approval, prior to payment beyond a specified percentage of the Maximum Total Cost for the Work Order. The Work Order Request will specify when such special requirements govern progress payments.

5.5.5 Local Small Business Enterprises – Prompt Payment Program

Certified Local Small Business Enterprises (LSBEs) will receive prompt payment for services they provide to County departments. Prompt payment is defined as fifteen (15) calendar days after receipt of an undisputed invoice.

5.6 Approval and Payment of Final Invoice

Upon Contractor's timely submission, and the County's receipt and approval of all deliverable items identified in the Work Order, the County shall pay the remaining balances of the monthly invoices, including any previous withholding amounts, up to the Maximum Total Cost for the Work Order.

5.7 Cost of Living Adjustment Cap for Services Contracts: General Salary Movement for County Employees

If a Work Order Request indicates that the project is for multiple years, the Contractor may propose increased total project costs for future years. The contract (hourly, daily, monthly, etc.) amount may be adjusted annually based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the contract anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the Chief Executive Office as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries, no cost of living adjustments will be granted. Where the County decides to grant a Cost of Living Adjustment (COLA) pursuant to this paragraph for living wage contracts, it may, in its sole discretion exclude the cost of labor (including the cost of wages and benefits paid to employees providing services under this contract) from the base upon which a COLA is calculated, unless the Contractor can show that his/her labor cost will actually increase.

6.0 ADMINISTRATION OF MASTER AGREEMENT

6.1 County's Administration

6.1.1 County Contract Administrator

1. The County Contract Administrator is authorized to execute all Work Orders and amendments to them for the County under this Master Agreement.
2. The County Contract Administrator is authorized to place Contractor on Inactive Status, or return Contractor to Active Status, for one or more Project Types.
3. If a Contractor changes the form in which it does business (LLP, LLC, etc.), the County Contract Administrator may, in his/her sole discretion, execute an Amendment to this Master Agreement or execute a new Master Agreement. The County may require the Contractor to submit a new SOQ.
4. The County Contract Administrator will designate a member of his/her staff as the County Contract Manager to serve as the County's liaison with Contractor.

6.1.2 County Contract Manager

1. The County Contract Manager shall coordinate with the Contractor Project Administrator and Manager(s) as needed, and shall have the right at all times to inspect any and all tasks, deliverables, services, or other work performed by or on behalf of Contractor.
2. The County Contract Manager shall attempt to resolve disputes, if any, that arise during the course of completing a Work Order between the Contractor and the County Project Manager. If the County Contract Manager is not able to resolve the dispute, the County Contract Administrator shall resolve it.
3. The County Contract Manager shall oversee Contractor's performance under this Master Agreement. The County Contract Manager shall be responsible for broadly monitoring all County projects and efforts that utilize Contract Services pursuant to this Master Agreement, including monitoring the performance of Contractor's personnel in completing each individual Work Order, and seeking to ensure that this Master Agreement's and individual Work Order's objectives are met.

6.1.3 County Project Manager

1. The County Project Manager shall coordinate with the Contractor Project Administrator and Manager(s) on a regular basis, and shall have the right at all times to inspect

any and all tasks, deliverables, services, or other work performed by or on behalf of Contractor.

2. The County Project Manager will attempt to resolve disputes, if any, that arise during the course of completing a Work Order between the Contractor and the County.
3. The County Project Manager shall be responsible for providing direction to Contractor in the areas relating to County policy, information requirements, and procedural requirements.
4. The County Project Manager shall oversee Contractor's performance under a Work Order project; including monitoring the performance of Contractor's personnel and seeking to ensure that specific Work Order's objectives are met.
5. The County Project Manager will review all invoices and give approval prior to the payment.

6.2 Contractor's Administration

6.2.1 Contractor Master Agreement Administrator

1. The Contractor Master Agreement Administrator, who shall be a full-time employee of the Contractor, is designated in Exhibit A, "Master Agreement Administration." The Contractor must notify the County in writing of any change in the name or address shown.
2. The Contractor Master Agreement Administrator shall be responsible for Contractor's day-to-day activities as related to this Master Agreement, and may designate a Contractor Primary Liaison to the County to receive all communications from the County.
3. The Contractor Master Agreement Administrator may also designate an additional person(s) to receive the Work Order Requests for each project type for which Contractor is qualified.
 - a. The Contractor Master Agreement Administrator shall notify the County Contract Manager of the person(s) designated to receive the Work Order Requests for each project type.
 - b. Such notification shall include the person's name, title, address, telephone number, fax number, e-mail address, and project type(s).
 - c. Upon receipt of such notification of an additional person(s) to receive the Work Order Requests, the County will send all future Work Order Request for the specified project type(s).

4. In the response to each Work Order Request, the Contractor Master Agreement Administrator may designate Contractor's Project Administrator.
5. The Contractor Master Agreement Administrator, or designee, shall coordinate with the County Contract Manager or designee on a regular basis with respect to all active Work Orders.

6.2.2 Contractor Project Administrator

1. The Contractor's Project Administrator, who may submit a proposal in response to a Work Order Request, must have actual authority to sign the Work Order, binding Contractor to perform each and every term, condition, and obligation set forth in such Work Order in accordance with this Master Agreement.
2. By designating a Contractor Project Administrator, Contractor represents and warrants that all requirements of Contractor have been fulfilled to provide such actual authority to the Contractor's Project Administrator to execute documents under this Master Agreement or Work Order on behalf of Contractor.
3. Each Contractor Project Administrator may designate a Contractor Project Manager who is responsible for the day-to-day activities related to the Work Order.

6.2.3 Contractor Project Manager

1. The Contractor Project Manager is designated in Exhibit A, "Master Agreement Administration." The Contractor shall notify the County in writing of any change in the name or address of the Contractor Project Manager.
2. Contractor Project Manager shall be responsible for Contractor's day-to-day activities as related to this Master Agreement and shall coordinate with the County on a regular basis with respect to all active Work Orders.

6.3 Progress Reports

To control expenditures and to ensure the proper and timely reporting of all tasks, deliverables, services, and other work provided by Contractor, after the initiation of each Work Order, and until the conclusion of such Work Order, Contractor shall provide the County Project Manager with written and oral progress reports at such times as specified in the Work Order.

6.4 Monthly Invoices for Progress Payments

To control expenditures and to ensure proper and timely reporting by Contractor, after the initiation of each Work Order, and until the conclusion of such Work Order, Contractor shall submit monthly

invoices for progress payments as specified in Section 5.5, "Work Order Invoices, Approvals, and Payments."

6.5 Change of Address

- 6.5.1 The Contractor shall notify the County of changes to its mailing address, telephone number, fax number or e-mail address.
- 6.5.2 If the County is unable to obtain timely response from Contractor either by telephone, fax, mail, or email, the County will place Contractor on Inactive Status and cease sending Contractor further notifications specified in this Master Agreement. At the County's sole option, the Master Agreement with Contractor may also be terminated in accordance with Section 8.41, "Termination for Convenience."
- 6.5.3 If a Contractor who has been placed on Inactive Status in accordance with subsection 6.5.2, contacts the County Contract Manager (via email or fax) and provides a current address and telephone numbers, the County will consider returning Contractor to Active Status, if all other qualifications are current.

6.6 Approval of Contractor's Staff

- 6.6.1 The Contractor shall notify the County within one business day after staff is terminated from working under this Master Agreement or Work Order.
- 6.6.2 If the County requests the removal of the Contractor's staff, the Contractor shall immediately remove the staff from working on any applicable work orders.
- 6.6.3 The County may request that the Contractor's staff be immediately be removed from working on the County Master Agreement at any time during the term of the Master Agreement.
- 6.6.4 County has the absolute right to approve or disapprove all of Contractor's staff performing work hereunder and any proposed changes in Contractor's staff, including, but not limited to, Contractor's Project Manager. Contractor shall provide County with a résumé of each proposed substitute and an opportunity to interview such person prior to any staff substitution.

6.7 Confidentiality

- 6.7.1 Contractor shall maintain the confidentiality of all records and information in accordance with all applicable federal, State, and local laws, rules, regulations, ordinances, directives, guidelines, policies, and procedures relating to confidentiality, including, without limitation, County policies concerning

information technology security and the protection of confidential records and information.

- 6.7.2 Contractor shall indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against any and all claims, demands, damages, liabilities, losses, costs and expenses, including, without limitation, defense costs and legal, accounting and other expert, consulting, or professional fees, arising from, connected with, or related to any failure by Contractor, its officers, employees, agents, or subcontractors, to comply with this Section 6.7, as determined by County in its sole judgment. Any legal defense pursuant to Contractor's indemnification obligations under this Section 6.7 shall be conducted by Contractor and performed by counsel selected by Contractor and approved by County. Notwithstanding the preceding sentence, County shall have the right to participate in any such defense at its sole cost and expense, except that in the event Contractor fails to provide County with a full and adequate defense, as determined by County in its sole judgment, County shall be entitled to retain its own counsel, including, without limitation, County Counsel, and reimbursement from Contractor for all such costs and expenses incurred by County in doing so. Contractor shall not have the right to enter into any settlement, agree to any injunction, or make any admission, in each case, on behalf of County without County's prior written approval.
- 6.7.3 Contractor shall inform all of its officers, employees, agents, and subcontractors providing services hereunder of the confidentiality provisions of this Master Agreement.
- 6.7.4 Contractor shall complete, sign, and submit the Contractor Acknowledgement and Confidentiality Agreement Form (CACA) contained in Exhibit F of this Master Agreement. By signing Exhibit F, the Contractor shall adhere to the provisions of the CACA.

6.8 Background and Security Investigations

- 6.8.1 Each of Contractor's staff performing services under this Master Agreement who is in a designated sensitive position, as determined by County in County's sole discretion, shall at any time during the term of this Master Agreement, undergo and pass a background investigation to the satisfaction of County as a condition of beginning and continuing to perform services under this Master Agreement. The County shall use its discretion in determining the method of background clearance to be used, up to and including a County performed fingerprint security clearance. The fees associated with the background investigation shall be at the expense of the

Contractor, regardless if the member of Contractor's staff passes or fails the background investigation.

- 6.8.2 If a member of Contractor's staff does not pass the background investigation, County may request that the member of Contractor's staff be immediately removed from performing services under the Master Agreement at any time during the term of the Master Agreement. County will not provide to Contractor or to Contractor's staff any information obtained through the County's background investigation.
- 6.8.3 County, in its sole discretion, may immediately deny or terminate facility access to any member of Contractor's staff that does not pass such investigation to the satisfaction of the County or whose background or conduct is incompatible with County facility access.
- 6.8.4 Disqualification of any member of Contractor's staff pursuant to this Section 6.8 shall not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Master Agreement.

6.9 Contractor's Staff Identification

- 6.9.1 All of Contractor's employees assigned to County facilities are required to have a County Identification (ID) badge on their person and visible at all times.
- 6.9.2 Contractor is responsible to ensure that employees have obtained a County ID badge before they are assigned to work in a County facility. Contractor personnel may be asked to leave a County facility by a County representative if they do not have the proper County ID badge on their person.
- 6.9.3 Contractor shall retrieve and return the employee's ID badge to the County on the next business day after the employee has terminated employment with the Contractor.
- 6.9.4 If County requests the removal of Contractor's staff, Contractor shall retrieve and return the employee's ID badge to the County on the next business day after the employee has been removed from working on the County's Master Agreement.

7.0 PROJECT TYPES AND REQUIREMENTS

The following sections describe the types of projects, and the typical project objectives, which will be performed under this Master Agreement. Additionally, these sections set forth the **minimum professional requirements** and the standards that must be followed for each project type.

7.1 Studies

7.1.1 Overview

Studies include most projects, other than audits. Examples of studies include, but are not limited to, analyzing accounting or electronic data processing (EDP) systems, evaluating EDP contract proposals, establishing purchasing or materials management systems, implementing internal accounting procedures, advising management on specific financial and/or operational/administrative issues, performing specific cost studies, and performing accounting functions or special investigations.

7.1.2 Requirements for Studies

1. Experience

Contractor must have demonstrated expertise in performing similar projects.

2. Staff

Contractor must provide staff that collectively possess the academic disciplines and experience to successfully complete the projects.

7.2 Management Audits

7.2.1 Overview

The objective of a management audit is to determine whether the County department or related organization is achieving the purposes for which the programs under management's control are authorized and funded, as established by the Board of Supervisors and/or other funding agencies.

Management audits will also determine whether departments and related organizations are achieving program results efficiently and effectively, the causes for any inefficient or ineffective practices, and whether the department or related organization under review has considered alternative methods of operations and "Best Practices" that will yield the desired results at a lower cost.

Recommendations resulting from management audits must be practical and attainable within the environment in which the department or related organization must legally and realistically operate. When recommendations involve major additions or shifting of resources, Contractor must also identify alternative procedures and controls that can be implemented in the interim until such additions or shifting of resources can be effected. Additionally, Contractor should attempt to identify opportunities to increase resources for implementing recommendations by: (1) increasing revenue, (2) reducing

costs, or (3) re-allocating resources through an appropriate reordering of departmental operating priorities.

7.2.2 Requirements for Management Audits

1. Experience

Contractor must have demonstrated expertise in auditing this type of project in accordance with the generally accepted government auditing standards for conducting local government audits as stated in the Government Accountability Office's Government Auditing Standards, (Yellow Book) latest revision issued by the U.S. Comptroller General.

2. Quality Control

Contractor must have a program to ensure that they meet the General Standards, as described in Chapter 3 of the Yellow Book, including qualifications, independence, due professional care, and quality control. In addition, Contractor must have an independent, external quality control review (peer review) report issued within the last three years, and at least every three years thereafter.

3. Staff

Contractor must provide staff that collectively possess the academic disciplines and management audit experience to successfully complete the projects. Additionally, staff must meet the Government Auditing Standards (Yellow Book) requirements, including 80 hours of continuing education every two years, at least 24 hours of which must directly relate to governmental auditing and 8 hours directly related to fraud.

7.3 Financial/Compliance Audits

7.3.1 Overview

The primary objective of financial audits is the expression of an opinion on the financial statements of one or more funds of a County department or related organization. In addition, for the County departments and entities related to the funds, other typical objectives include reporting on the study and evaluation of internal control, reporting on compliance with the County's fiscal policies and procedures, reporting on accounting and budgetary problems, and reporting on EDP systems and controls.

Compliance audits may include expressing an opinion on whether the financial results of operations are accurately reported and are presented in accordance with federal, State, and/or County requirements, etc.; and reporting on compliance

with internal control requirements, contract provisions, etc. In addition, these audits may include monitoring of programs-in-progress provided by private sector Vendors under contract with the County, and reporting on the accuracy and appropriateness of payments to them.

7.3.2 Requirements for Financial/Compliance Audits

1. Licensing

Contractor must be an independent public accounting firm, licensed by the State of California or have obtained California Practice Privilege from the California Board of Accountancy.

2. Experience

Contractor must have demonstrated expertise in auditing this type of project in accordance with the generally accepted government auditing standards for conducting local government audits as stated in the Government Accountability Office's Government Auditing Standards, (Yellow Book) latest revision issued by the U.S. Comptroller General.

3. Quality Control

Contractor must have a program to ensure that they meet the General Standards, as described in Chapter 3 of the Yellow Book, including qualifications, independence, due professional care, and quality control. As required by the fourth general standard, Contractor must have an independent, external quality control review (peer review) report issued within the last three years, and at least every three years thereafter.

4. Staff

Contractor must provide staff that collectively possess the academic disciplines and management audit experience to successfully complete the projects. Additionally, staff must meet the Government Auditing Standards (Yellow Book) requirements, including 80 hours of continuing education every two years, at least 24 hours of which must directly relate to governmental auditing and 8 hours directly related to fraud.

7.4 Qualified Project Types

The Project Types that Contractor is qualified and approved to perform are set forth in this Master Agreement. To add Project Types, Contractor may submit a proposal to the County Contract Administrator. If approved by the County, such additional Project

Types shall be added to this Master Agreement by an amendment as specified in Section 8.1, "Change Notices and Amendments."

8.0 STANDARD TERMS AND CONDITIONS

8.1 CHANGE NOTICE AND AMENDMENTS

The County reserves the right to change any portion of the work required under this Master Agreement and any other provisions of this Master Agreement. All changes shall be accomplished only as provided in this Section 8.0.

8.1.1 The County's Board of Supervisors or Chief Executive Officer or designee may require the addition and/or change of certain terms and conditions in the Master Agreement during the term of this Master Agreement. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors or Chief Executive Officer. To implement such orders, an Amendment to the Master Agreement shall be executed by the Contractor and by the County Contract Administrator.

8.1.2 The County Contract Administrator, or his/her designee may, at his/her sole discretion, authorize extensions of time as defined in Section 4.0 – Term of Master Agreement. The Contractor agrees that such extensions of time shall not change any other term or condition of this Master Agreement during the period of such extensions. To implement an extension of time, an Amendment to the Master Agreement shall be prepared by the Department and executed by the Contractor and by the County Contract Administrator.

8.1.3 To add additional Project Types as specified in Section 7.4, "Qualified Project Types," an Amendment to the Master Agreement shall be prepared and executed by the Contractor Master Agreement Administrator and the County Contract Administrator.

8.1.4 Any change to this Master Agreement, other than those specified above, shall be accomplished with a negotiated Amendment to this Master Agreement executed by the Contractor Master Agreement Administrator and the County Board of Supervisors, unless specific authority is granted to the County Contract Administrator to sign such Amendment by the County Board of Supervisors.

8.1.5 WORK ORDER CHANGES

1. Any changes to a Work Order that modifies the Maximum Total Cost or makes significant changes in the scope of work must be accomplished by a Work Order Amendment executed by the Contractor Project Administrator and the

County Contract Administrator.

2. Changes extending the period of any Work Order's Mandatory Completion Date for a period over one hundred eighty (180) calendar days, but not affecting the Maximum Total Cost for a Work Order, may be accomplished by written notification from the County Contract Manager.
3. Changes extending the period of any Work Order's Mandatory Completion Date not to exceed one hundred eighty (180) calendar days, or insignificant changes to the scope of work (such as substituting one auditee for another in a project with multiple auditees); and not affecting the Maximum Total Cost for a Work Order, may be accomplished by written notification from the County Project Manager.
4. Any changes to Contractor's personnel provided under any Work Order must be accomplished by written notification from the Contractor Project Administrator to the County Project Manager, and acceptance of the change by the County Project Manager.

8.2 ASSIGNMENT AND DELEGATION

- 8.2.1 The Contractor shall not assign its rights or delegate its duties under this Master Agreement, or both, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this subsection, County consent shall require a written amendment to the Master Agreement, which is formally approved and executed by the parties. Any payments by the County to any approved delegate or assignee on any claim under this Master Agreement shall be deductible, at County's sole discretion, against the claims, which the Contractor may have against the County.
- 8.2.2 Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Master Agreement, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Master Agreement.

8.2.3 Any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Master Agreement which may result in the termination of this Master Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

8.3 AUTHORIZATION WARRANTY

The Contractor represents and warrants that the person executing this Master Agreement for the Contractor is an authorized agent who has actual authority to bind the Contractor to each and every term, condition, and obligation of this Master Agreement and that all requirements of the Contractor have been fulfilled to provide such actual authority.

8.4 COMPLIANCE WITH CONTRACTOR PROTECTION OF ELECTRONIC COUNTY INFORMATION

Pursuant to County Board Policy 5.200 (Policy 5.200), Contractor and its Subcontractor that electronically transmits or stores personal information (PI), protected health information (PHI) and/or medical information (MI) shall comply with the encryption standards set forth below (collectively, the "Encryption Standards"). PI is defined in California Civil Code Section 1798.29(g). PHI is defined in Health Insurance Portability and Accountability Act of 1996 (HIPAA), and implementing regulations. MI is defined in California Civil Code Section 56.05(j).

Encryption Standards

Stored Data

Contractors' and Subcontractors' workstations and portable devices that are used to access, store, receive, and/or transmit County PI, PHI or MI (e.g., mobile, wearables, tablets, thumb drives, external hard drives) require encryption (i.e. software and/or hardware) in accordance with: (a) Federal Information Processing Standard Publication (FIPS) 140-2; (b) National Institute of Standards and Technology (NIST) Special Publication 800-57 Recommendation for Key Management – Part 1: General (Revision 3); (c) NIST Special Publication 800-57 Recommendation for Key Management – Part 2: Best Practices for Key Management Organization; and (d) NIST Special Publication 800-111 Guide to Storage Encryption Technologies for End User Devices.

Advanced Encryption Standard (AES) with cipher strength of 256-bit is minimally required.

Contractors' and Subcontractors' use of remote servers (e.g. cloud storage, Software-as-a-Service or SaaS) for storage of County PI, PHI and/or MI shall be subject to written pre-approval by the County's Chief Executive Office.

Transmitted Data

All transmitted (e.g. network) County PI, PHI and/or MI require encryption in accordance with: (a) NIST Special Publication 800-52 Guidelines for the Selection and Use of Transport Layer Security Implementations; and (b) NIST Special Publication 800-57 Recommendation for Key Management – Part 3: Application-Specific Key Management Guidance.

Secure Sockets Layer (SSL) is minimally required with minimum cipher strength of 128-bit.

Definition Reference

As used in this policy, the phrase "personal information" shall have the same meaning as set forth in subdivision (g) of California Civil Code section 1798.29.

As used in this policy, the phrase "protected health information" shall have the same meaning as set forth in the Health Insurance Portability and Accountability Act of 1996, and implementing regulations.

As used in this policy, the phrase "medical information" shall have the same meaning as set forth in subdivision (j) of California Civil Code section 56.05.

Compliance

The Contractor must certify its compliance with Policy 5.200 prior to being awarded a work order with the County under this Master Agreement. The Contractor shall maintain compliance with Policy 5.200 during the term of this Master Agreement (and any renewals) for as long as the Contractor maintains or is in possession of County Personal Information, Protected Health Information, and/or Medical Information. In addition to the foregoing certification, the Contractor shall maintain any validation/attestation reports that the data encryption product generates and such reports shall be subject to audit upon County's request. If the Contractor is found to be non-compliant with Policy 5.200, the Contractor must develop a corrective action plan (CAP) and submit it to the County for review and approval. Upon County's approval, the Contractor must execute the CAP. Any failure by the Contractor to comply with Policy 5.200 may be subject to suspension

or termination of Master Agreement and any work orders, denial of access to County IT resources, and/or other actions as deemed appropriate by the County.

8.5 COMPLIANCE WITH APPLICABLE LAW

8.5.1 In the performance of this Master Agreement, Contractor shall comply with all applicable federal, State, and local laws, rules, regulations, ordinances, directives, guidelines, policies, and procedures, and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference.

8.5.2 The Contractor shall indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against any and all claims, demands, damages, liabilities, losses, costs, and expenses, including, without limitation, defense costs and legal, accounting and other expert, consulting or professional fees, arising from, connected with, or related to any failure by Contractor, its officers, employees, agents, or subcontractors, to comply with any such laws, rules, regulations, ordinances, directives, guidelines, policies, or procedures, as determined by County in its sole judgment. Any legal defense pursuant to Contractor's indemnification obligations under this Section 8.5 shall be conducted by Contractor and performed by counsel selected by Contractor and approved by County. Notwithstanding the preceding sentence, County shall have the right to participate in any such defense at its sole cost and expense, except that in the event Contractor fails to provide County with a full and adequate defense, as determined by County in its sole judgment, County shall be entitled to retain its own counsel, including, without limitation, County Counsel, and reimbursement from Contractor for all such costs and expenses incurred by County in doing so. Contractor shall not have the right to enter into any settlement, agree to any injunction or other equitable relief, or make any admission, in each case, on behalf of County without County's prior written approval.

8.6 COMPLIANCE WITH CIVIL RIGHTS LAWS

The Contractor hereby assures that it will comply with Subchapter VI of the Civil Rights Act of 1964, 42 USC Sections 2000 (e) (1) through 2000 (e) (17), to the end that no person shall, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Master Agreement or under any project, program, or activity supported by this Master

Agreement. The Contractor shall comply with Exhibit B, "Contractor's EEO Certification."

8.7 COMPLIANCE WITH COUNTY'S JURY SERVICE PROGRAM

8.7.1 Jury Service Program: This Master Agreement is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service (Jury Service Program) as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code, a copy of which is attached as Exhibit C and incorporated by reference into and made part of this Master Agreement.

8.7.2 Written Employee Jury Service Policy

1. Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the employee's regular pay the fees received for jury service.
2. For purposes of this subsection, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full-time employee of Contractor. "Full-time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Therefore, the Jury Service Program applies to all of a Contractor's full-time California employees, even those not working specifically on the County project. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for the County under the Master Agreement, the subcontractor shall also be subject to the provisions of this subsection. The provisions of this subsection shall be inserted into any

such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

3. If Contractor is not required to comply with the Jury Service Program when the Master Agreement commences, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify County if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Master Agreement and at its sole discretion, that Contractor demonstrate to the County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program.
4. Contractor's violation of this subsection of the Master Agreement may constitute a material breach of the Master Agreement. In the event of such material breach, County may, in its sole discretion, terminate the Master Agreement and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

8.8 CONFLICT OF INTEREST

- 8.8.1 No County employee whose position with the County enables such employee to influence the award of this Master Agreement or any competing Master Agreement, and no spouse or economic dependent of such employee, shall be employed in any capacity by the Contractor or have any other direct or indirect financial interest in this Master Agreement. No officer or employee of the Contractor who may financially benefit from the performance of work hereunder shall in any way participate in the County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.
- 8.8.2 The Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Master Agreement. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to the County. Full

written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this Section 8.8 shall be a material breach of this Master Agreement.

8.9 CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFF/OR RE-EMPLOYMENT LIST

Should the Contractor require additional or replacement personnel after the effective date of this Master Agreement to perform the services set forth herein, the Contractor shall give first consideration for such employment openings to qualified, permanent County employees who are targeted for layoff or qualified, former County employees who are on a re-employment list during the life of this Master Agreement.

8.10 CONSIDERATION OF HIRING GAIN/GROW PARTICIPANTS

8.10.1 Should the Contractor require additional or replacement personnel after the effective date of this Master Agreement, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) or General Relief Opportunity for Work (GROW) Programs who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor. Contractors shall report all job openings with job requirements to: GAINGROW@dpss.lacounty.gov to obtain a list of qualified GAIN/GROW job candidates.

8.10.2 In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

8.11 CONTRACTOR RESPONSIBILITY AND DEBARMENT

8.11.1 Responsible Contractor

A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the Master Agreement. It is the County's policy to conduct business only with responsible Contractors.

8.11.2 Chapter 2.202 of the County Code

The Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is

not responsible, the County may, in addition to other remedies provided in this Master Agreement, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing contracts the Contractor may have with the County.

8.11.3 Non-responsible Contractor

The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated a term of a contract with the County or a nonprofit corporation created by the County, (2) committed an act or omission which negatively reflects on the Contractor's quality, fitness, or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

8.11.4 Contractor Hearing Board

1. If there is evidence that the Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.
2. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.
3. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board shall be presented to the

Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

4. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.
5. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.
6. The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

8.11.5 Subcontractors of Contractor

These terms shall also apply to Subcontractors of County Contractors.

8.12 CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW

The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used. Information on how to receive the poster can be found on the Internet at www.babysafela.org.

8.13 CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:

8.13.1 The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through Purchase Order or Master Agreement are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

8.13.2 As required by the County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting the Contractor's duty under this Master Agreement to comply with all applicable provisions of law, the Contractor warrants that it is now in compliance and shall during the term of this Master Agreement maintain in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

8.14 COUNTY'S QUALITY ASSURANCE PLAN

The County or its agent will evaluate the Contractor's performance under this Master Agreement on not less than an annual basis. Such evaluation will include assessing the Contractor's compliance with all Master Agreement terms and conditions and performance standards. Contractor deficiencies which the County determines are severe or continuing and that may place performance of the Master Agreement in jeopardy if not corrected will be reported to the Board of Supervisors. The report will include improvement/corrective action measures taken by the County and the Contractor. If improvement does not occur

consistent with the corrective action measures, the County may terminate this Master Agreement or impose other penalties as specified in this Master Agreement.

The County maintains databases that track/monitor contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.

8.15 DAMAGE TO COUNTY FACILITIES, BUILDINGS, OR GROUNDS

8.15.1 Contractor shall repair, or cause to be repaired, at its own cost, any and all damage to County facilities, buildings, or grounds caused by Contractor or employees or agents of Contractor. Such repairs shall be made immediately after Contractor has become aware of such damage, but in no event later than thirty (30) days after the occurrence.

8.15.2 If Contractor fails to make timely repairs, County may make any necessary repairs. All costs incurred by County, as determined by County, for such repairs shall be repaid by Contractor by cash payment upon demand.

8.16 EMPLOYMENT ELIGIBILITY VERIFICATION

8.16.1 The Contractor warrants that it fully complies with all federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Master Agreement meet the citizenship or alien status requirements set forth in federal and State statutes and regulations. The Contractor shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. The Contractor shall retain all such documentation for all covered employees for the period prescribed by law.

8.16.2 The Contractor shall indemnify, defend, and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Contractor or the County or both in connection with any alleged violation of any federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Master Agreement.

8.17 FACSIMILE REPRESENTATIONS

The County and the Contractor hereby agree to regard facsimile representations of original signatures of authorized officers of each party, when appearing in appropriate places on the Amendments

prepared pursuant to Section 8.1, and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to Amendments to this Master Agreement, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of such documents.

8.18 FAIR LABOR STANDARDS

The Contractor shall comply with all applicable provisions of the Federal Fair Labor Standards Act and shall indemnify, defend, and hold harmless the County and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by the Contractor's employees for which the County may be found jointly or solely liable.

8.19 FORCE MAJEURE

8.19.1 Neither party shall be liable for such party's failure to perform its obligations under and in accordance with this Master Agreement, if such failure arises out of fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's subcontractors), freight embargoes, or other similar events to those described above, but in every such case the failure to perform must be totally beyond the control and without any fault or negligence of such party (such events are referred to in this subsection as "force majeure events").

8.19.2 Notwithstanding the foregoing, a default by a subcontractor of Contractor shall not constitute a force majeure event, unless such default arises out of causes beyond the control of both Contractor and such subcontractor, and without any fault or negligence of either of them. In such case, Contractor shall not be liable for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Contractor to meet the required performance schedule. As used in this subsection, the term "subcontractor" and "subcontractors" mean subcontractors at any tier.

8.19.3 In the event Contractor's failure to perform arises out of a force majeure event, Contractor agrees to use commercially reasonable best efforts to obtain goods or services from other sources, if applicable, and to otherwise mitigate the damages and reduce the delay caused by such force majeure event.

8.20 GOVERNING LAW, JURISDICTION, AND VENUE

This Master Agreement shall be governed by, and construed in accordance with, the laws of the State of California. The Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Master Agreement and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

8.21 INDEPENDENT CONTRACTOR STATUS

8.21.1 This Master Agreement is by and between the County and the Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between the County and the Contractor. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.

8.21.2 The Contractor shall be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Master Agreement all compensation and benefits. The County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of the Contractor.

8.21.3 The Contractor understands and agrees that all persons performing work pursuant to this Master Agreement are, for purposes of Workers' Compensation liability, solely employees of the Contractor and not employees of the County. The Contractor shall be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of the Contractor pursuant to this Master Agreement.

8.21.4 The Contractor shall adhere to the provisions stated in Section 6.7 – “Confidentiality.”

8.22 INDEMNIFICATION

The Contractor shall indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, agents, and volunteers (“County Indemnitees”) from and against any and all liability including, but not limited to, demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from and/or relating to this Master Agreement, except for such loss or damage arising from the sole negligence or willful misconduct of the County Indemnities.

8.23 GENERAL PROVISIONS FOR ALL INSURANCE COVERAGE

Without limiting Contractor's indemnification of County, and in the performance of this Contract and until all of its obligations pursuant to this Master Agreement have been met, Contractor shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this section and Section 8.24 of this Master Agreement. These minimum insurance coverage terms, types, and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Contractor pursuant to this Master Agreement. The County in no way warrants that the Required Insurance is sufficient to protect the Contractor for liabilities which may arise from or relate to this Master Agreement.

8.23.1 Evidence of Coverage and Notice to County

- Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming County and its Agents (defined below) has been given Insured status under the Contractor's General Liability policy, shall be delivered to County at the address shown below and provided prior to commencing services under this Master Agreement.
- Renewal Certificates shall be provided to County not less than 10 days prior to Contractor's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required Contractor and/or Sub-Contractor insurance policies at any time.
- Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Contract by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Contractor identified as the contracting party in this Master Agreement. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding fifty thousand (\$50,000.00) dollars, and list any County required endorsement forms.
- Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Contractor, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements shall be sent to:

County of Los Angeles
Department of Auditor-Controller
Attention: Master Agreement Unit
500 West Temple Street, Room 410
Los Angeles, CA 90012

8.23.2 Additional Insured Status and Scope of Coverage

The County of Los Angeles, its Special Districts, elected officials, officers, agents, employees and volunteers (collectively County and its Agents) shall be provided additional insured status under Contractor's General Liability policy with respect to liability arising out of Contractor's ongoing and completed operations performed on behalf of the County. County and its Agents' additional insured status shall apply with respect to liability and defense of suits arising out of the Contractor's acts or omissions, whether such liability is attributable to the Contractor or to the County. The full policy limits and scope of protection also shall apply to the County and its Agents as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

8.23.3 Cancellation of or Changes in Insurance

Contractor shall provide County with, or Contractor's insurance policies shall contain, a provision that County shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage, or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Master Agreement, in the sole discretion of the County, upon which the County may suspend or terminate this Master Agreement.

8.23.4 Failure to Maintain Insurance

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Master Agreement, upon which County immediately may withhold payments due to Contractor, and/or suspend or terminate this Master

Agreement. County, at its sole discretion, may obtain damages from Contractor resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Contractor, deduct the premium cost from sums due to Contractor or pursue Contractor reimbursement.

8.23.5 Insurer Financial Ratings

Coverage shall be placed with insurers acceptable to the County with A.M. Best ratings of not less than A:VII unless otherwise approved by County.

8.23.6 Contractor's Insurance Shall Be Primary

Contractor's insurance policies, with respect to any claims related to this Contract, shall be primary with respect to all other sources of coverage available to Contractor. Any County maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Contractor coverage.

8.23.7 Waivers of Subrogation

To the fullest extent permitted by law, the Contractor hereby waives its rights and its insurer(s)' rights of recovery against County under all the Required Insurance for any loss arising from or relating to this Contract. The Contractor shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to effect such waiver.

8.23.8 Sub-Contractor Insurance Coverage Requirements

Contractor shall include all subcontractor as insureds under Contractor's own policies, or shall provide County with each subcontractor's separate evidence of insurance coverage. Contractor shall be responsible for verifying each subcontractor complies with the Required Insurance provisions herein, and shall require that each subcontractor name the County and Contractor as additional insureds on the subcontractor's General Liability policy. Contractor shall obtain County's prior review and approval of any subcontractor request for modification of the Required Insurance.

8.23.9 Deductibles and Self-Insured Retentions (SIRs)

Contractor's policies shall not obligate the County to pay any portion of any Contractor deductible or SIR. The County retains the right to require Contractor to reduce or eliminate policy deductibles and SIRs as respect to the County, or to provide a bond guaranteeing Contractor's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

8.23.10 Claims Made Coverage

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the effective date of this Master Agreement. Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Master Agreement expiration, termination or cancellation.

8.23.11 Application of Excess Liability Coverage

Contractors may use a combination of primary, and excess insurance policies which provide coverage as broad as the underlying primary policies, to satisfy the Required Insurance provisions.

8.23.12 Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

8.23.13 Alternative Risk Financing Programs

The County reserves the right to review, and then approve, Contractor use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. The County and its Agents shall be designated as an Additional Covered Party under any approved program.

8.23.14 County Review and Approval of Insurance Requirements

The County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures.

8.24 INSURANCE COVERAGE

8.24.1 Commercial General Liability insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$2 million
Products/Completed Operations Aggregate:	\$1 million
Personal and Advertising Injury:	\$1 million
Each Occurrence:	\$1 million

8.24.2 Automobile Liability insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident.

Insurance shall cover liability arising out of Contractor's use of autos pursuant to this Master Agreement, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

8.24.3 Workers' Compensation and Employers' Liability insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If Contractor will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Contractor's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

8.24.4 Professional Liability/Errors and Omissions

Insurance covering Contractor's liability arising from or related to this Master Agreement, with limits of not less than \$1 million per claim and \$3 million aggregate. Further, Contractor understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Master Agreement's expiration, termination or cancellation.

8.25 LIQUIDATED DAMAGES

8.25.1 If, in the judgment of the County Contract Administrator, the Contractor is deemed to be non-compliant with the terms and obligations assumed in this Master Agreement and work orders, the County Contract Administrator, or his/her designee, at his/her option, in addition to, or in lieu of, other remedies provided herein, may withhold the entire monthly payment or deduct pro rata from the Contractor's invoice for work not performed. A description of the work not performed and the amount to be withheld or deducted from payments to the Contractor from the County, will be forwarded to the Contractor by the Director, or his/her designee, in a written notice describing the reasons for said action.

8.25.2 If the County Contract Administrator determines that there are deficiencies in the performance of this Master Agreement and work orders that the County Contract Administrator or his/her designee, deems are correctable by the Contractor over a certain time span, the County Contract Administrator or his/her

designee, will provide a written notice to the Contractor to correct the deficiency within specified time frames. Should the Contractor fail to correct deficiencies within said time frame, the County Contract Administrator may:

(a) Deduct from the Contractor's payment, pro rata, those applicable portions of the monthly invoice(s); and/or (b) Deduct liquidated damages. The parties agree that it will be impracticable or extremely difficult to fix the extent of actual damages resulting from the failure of the Contractor to correct a deficiency within the specified time frame. The parties hereby agree that under the current circumstances a reasonable estimate of such damages is One Hundred Dollars (\$100) per day per infraction, or as may be specified in any Performance Requirements Summary (PRS) Charts in future Work Orders, and that the Contractor shall be liable to the County for liquidated damages in said amount. Said amount shall be deducted from the County's payment to the Contractor; and/or

(c) Upon giving five (5) days notice to the Contractor for failure to correct the deficiencies, the County may correct any and all deficiencies and the total costs incurred by the County for completion of the work by an alternate source, whether it be County forces or separate private contractor, will be deducted and forfeited from the payment to the Contractor from the County, as determined by the County.

8.25.3 The action noted in subsection 8.25.2 shall not be construed as a penalty, but as adjustment of payment to the Contractor to recover the County cost due to the failure of the Contractor to complete or comply with the provisions of this Master Agreement.

8.25.4 This subsection shall not, in any manner, restrict or limit the County's right to damages for any breach of this Master Agreement provided by law or as specified in the PRS or subsection 8.25.2, and shall not, in any manner, restrict or limit the County's right to terminate this Master Agreement as agreed to herein.

8.26 MOST FAVORED PUBLIC ENTITY

If the Contractor's prices decline, or should the Contractor at any time during the term of this Master Agreement provide the same goods or services under similar quantity and delivery conditions to the State of California or any county, municipality, or district of the State at prices below those set forth in this Master Agreement, then such lower prices shall be immediately extended to the County.

8.27 NONDISCRIMINATION AND AFFIRMATIVE ACTION

- 8.27.1 The Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and shall be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable federal and State anti-discrimination laws and regulations.
- 8.27.2 The Contractor shall certify to, and comply with, the provisions of Exhibit B, "Contractor's EEO Certification."
- 8.27.3 The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable federal and State anti-discrimination laws and regulations. Such action shall include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- 8.27.4 The Contractor certifies and agrees that it will deal with its subcontractors, bidders, or Vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation.
- 8.27.5 The Contractor certifies and agrees that it, its affiliates, subsidiaries, or holding companies shall comply with all applicable federal and State laws and regulations to the end that no person shall, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Master Agreement or under any project, program, or activity supported by this Master Agreement.
- 8.27.6 The Contractor shall allow County representatives access to the Contractor's employment records during regular business hours to verify compliance with the provisions of this Section 8.27 when so requested by the County.
- 8.27.7 If the County finds that any provisions of this subsection 8.27 have been violated, such violation shall constitute a material breach of this Master Agreement upon which the County may terminate or suspend this Master Agreement. While the County reserves the right to determine independently that the

anti-discrimination provisions of this Master Agreement have been violated, in addition, a determination by the California Fair Employment and Housing Commission or the Federal Equal Employment Opportunity Commission that the Contractor has violated federal or State anti-discrimination laws or regulations shall constitute a finding by the County that the Contractor has violated the anti-discrimination provisions of this Master Agreement.

8.27.8 The parties agree that in the event the Contractor violates any of the anti-discrimination provisions of this Master Agreement, the County shall, at its sole option, be entitled to the sum of Five Hundred Dollars (\$500) for each such violation pursuant to California Civil Code Section 1671 as liquidated damages in lieu of terminating or suspending this Master Agreement.

8.28 NON EXCLUSIVITY

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with Contractor. This Master Agreement shall not restrict the County from acquiring similar, equal, or like goods and/or services from other entities or sources.

8.29 NOTICE OF DELAYS

Except as otherwise provided under this Master Agreement, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Master Agreement, that party shall, within one (1) business day, give notice thereof, including all relevant information with respect thereto, to the other party.

8.30 NOTICE OF DISPUTES

The Contractor shall bring to the attention of the County Project Manager and/or County Contract Manager any dispute between the County and the Contractor regarding the performance of services as stated in this Master Agreement. If the County Project Manager or County Contract Manager is not able to resolve the dispute, the County Contract Administrator, or designee shall resolve it.

8.31 NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT

The Contractor shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015.

8.32 NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW

The Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a

fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit D of this Master Agreement and is also available on the Internet at www.babysafela.org for printing purposes.

8.33 NOTICES

All notices or demands required or permitted to be given or made under this Master Agreement shall be in writing and shall be hand delivered with signed receipt or mailed by first-class registered or certified mail, postage prepaid, addressed to the parties as identified in Exhibit A, "Master Agreement Administration." Addresses may be changed by either party giving ten (10) days' prior written notice thereof to the other party. The County Contract Administrator or his/her designee shall have the authority to issue all notices or demands required or permitted by the County under this Master Agreement.

8.34 PROHIBITION AGAINST INDUCEMENT OR PERSUASION

Notwithstanding the above, the Contractor and the County agree that, during the term of this Master Agreement and for a period of one year thereafter, neither party shall in any way intentionally induce or persuade any employee of one party to become an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

8.35 PUBLIC RECORDS ACT

8.35.1 Any documents submitted by Contractor; all information obtained in connection with the County's right to audit and inspect Contractor's documents, books, and accounting records pursuant to Section 8.37, "Record Retention and Inspection/Audit Settlement" of this Master Agreement; as well as those documents which were required to be submitted in response to the Request for Statement of Qualifications (RFSQ) used in the solicitation process for this Master Agreement, become the exclusive property of the County. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code Section 6250 et seq. (Public Records Act) and which are marked "trade secret," "confidential," or "proprietary." The County shall not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.

8.35.2 In the event the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of an SOQ marked "trade secret," "confidential," or "proprietary," the

Contractor agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney's fees, in action or liability arising under the Public Records Act.

8.36 PUBLICITY

8.36.1 The Contractor shall not disclose any details in connection with this Master Agreement to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing the Contractor's need to identify its services and related clients to sustain itself, the County shall not inhibit the Contractor from publishing its role under this Master Agreement within the following conditions:

- The Contractor shall develop all publicity material in a professional manner; and
- During the term of this Master Agreement, the Contractor shall not, and shall not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of the County without the prior written consent of the County Contract Administrator. The County shall not unreasonably withhold written consent.

8.36.2 The Contractor may, without the prior written consent of County, indicate in its proposals and sales materials that it has been awarded this Master Agreement with the County of Los Angeles, provided that the requirements of this Section 8.36 shall apply.

8.37 RECORD RETENTION AND INSPECTION/AUDIT SETTLEMENT

The Contractor shall maintain accurate and complete financial records of its activities and operations relating to this Master Agreement in accordance with generally accepted accounting principles. The Contractor shall also maintain accurate and complete employment and other records relating to its performance of this Master Agreement. The Contractor agrees that the County, or its authorized representatives, shall have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or record relating to this Master Agreement. All such material, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and employment records, and proprietary data and information, shall be kept and maintained by the Contractor and shall be made available to the County during the term of this Master Agreement and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by the Contractor at a location in Los Angeles County, provided that if any such material is located outside Los Angeles

County, then, at the County's option, the Contractor shall pay the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy, or transcribe such material at such other location.

8.37.1 In the event that an audit of the Contractor is conducted specifically regarding this Master Agreement by any federal or State auditor, or by any auditor or accountant employed by the Contractor or otherwise, then the Contractor shall file a copy of such audit report with the Department within thirty (30) days of the Contractor's receipt thereof, unless otherwise provided by applicable federal or State law or under this Master Agreement. The County shall make a reasonable effort to maintain the confidentiality of such audit report(s).

8.37.2 Failure on the part of the Contractor to comply with any of the provisions of this Section 8.37 shall constitute a material breach of this Master Agreement upon which the County may terminate or suspend this Master Agreement.

8.37.3 If, at any time during the term of this Master Agreement or within five (5) years after the expiration or termination of this Master Agreement, representatives of the County may conduct an audit of the Contractor regarding the work performed under this Master Agreement, and if such audit finds that the County's dollar liability for any such work is less than payments made by the County to the Contractor, then the difference shall be either: a) repaid by the Contractor to the County by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted from any amounts due to the Contractor from the County, whether under this Master Agreement or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments made by the County to the Contractor, then the difference shall be paid to the Contractor by the County by cash payment, provided that in no event shall the County's maximum obligation for this Master Agreement exceed the funds appropriated by the County for the purpose of this Master Agreement.

8.38 RECYCLED BOND PAPER

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Contractor agrees to use recycled-content paper to the maximum extent possible on this Master Agreement.

8.39 SUBCONTRACTING AND JOINT VENTURES

8.39.1 The requirements of this Master Agreement may not be subcontracted by the Contractor **without the advance approval of the County**. Any attempt by the Contractor to

subcontract without the prior consent of the County may be deemed a material breach of this Master Agreement.

- 8.39.2 If the Contractor desires to subcontract, the Contractor shall provide the following information promptly at the County's request:
- A description of the work to be performed by the subcontractor;
 - A draft copy of the proposed subcontract; and
 - Other pertinent information and/or certifications requested by the County.
- 8.39.3 The Contractor shall indemnify and hold the County harmless with respect to the activities of each and every subcontractor in the same manner and to the same degree as if such subcontractor(s) were Contractor employees.
- 8.39.4 The Contractor shall remain fully responsible for all performances required of it under this Master Agreement, including those that the Contractor has determined to subcontract, notwithstanding the County's approval of the Contractor's proposed subcontract.
- 8.39.5 The County's consent to subcontract shall not waive the County's right to prior and continuing approval of any and all personnel, including subcontractor employees, providing services under this Master Agreement. The Contractor is responsible to notify its subcontractors of this County right.
- 8.39.6 The County Contract Administrator or designee is authorized to act for and on behalf of the County with respect to approval of any subcontract and subcontractor employees. After approval of the subcontract by the County, Contractor shall forward a fully executed subcontract to the County for their files.
- 8.39.7 The Contractor shall be solely liable and responsible for all payments or other compensation to all subcontractors and their officers, employees, agents, and successors in interest arising through services performed hereunder, notwithstanding the County's consent to subcontract.
- 8.39.8 The Contractor shall obtain certificates of insurance, which establish that the subcontractor maintains all the programs of insurance required by the County from each approved subcontractor. Before any subcontractor employee may perform any work hereunder, the Contractor shall ensure delivery of all such documents to:

County of Los Angeles
Department of Auditor-Controller
Attention: Master Agreement Unit

8.39.9 The County will not consider proposals from joint ventures.

8.40 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM

Failure of the Contractor to maintain compliance with the requirements set forth in Section 8.13, "Contractor's Warranty of Adherence to County's Child Support Compliance Program," shall constitute a default under this Master Agreement. Without limiting the rights and remedies available to the County under any other provision of this Master Agreement, failure of Contractor to cure such default within 90 calendar days of written notice shall be grounds upon which the County may terminate this Master Agreement pursuant to Section 8.42, "Termination for Default," and pursue debarment of Contractor, pursuant to County Code Chapter 2.202.

8.41 TERMINATION FOR CONVENIENCE

8.41.1 County may terminate this Master Agreement, and any Work Order issued hereunder, in whole or in part, from time to time or permanently, when such action is deemed by the County, in its sole discretion, to be in its best interest. Termination of work hereunder shall be effected by notice of termination to Contractor specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be no less than ten (10) days after the notice is sent.

8.41.2 Upon receipt of a notice of termination and except as otherwise directed by the County, the Contractor shall immediately:

- Stop work under the Work Order or under this Master Agreement, as identified in such notice;
- Transfer title and deliver to County all completed work and work in process; and
- Complete performance of such part of the work as shall not have been terminated by such notice.

8.41.3 All material including books, records, documents, or other evidence bearing on the costs and expenses of the Contractor under this Master Agreement or Work Order shall be maintained by the Contractor in accordance with Section 8.37, "Record Retention and Inspection/Audit Settlement."

8.42 TERMINATION FOR DEFAULT

8.42.1 The County may, by written notice to the Contractor, terminate the whole or any part of this Master Agreement, if, in the judgment of County Contract Administrator:

- Contractor has materially breached this Master Agreement;
- Contractor fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required either under this Master Agreement or any Work Order issued hereunder; or
- Contractor fails to demonstrate a high probability of timely fulfillment of performance requirements of any Work Order issued under this Master Agreement, or of any obligations of this Master Agreement and in either case, fails to demonstrate convincing progress toward a cure within five (5) working days (or such longer period as the County may authorize in writing) after receipt of written notice from the County specifying such failure.

8.42.2 In the event that the County terminates this Master Agreement in whole or in part as provided in subsection 8.42.1, the County may procure, upon such terms and in such manner as the County may deem appropriate, goods and services similar to those so terminated. The Contractor shall be liable to the County for any and all excess costs incurred by the County, as determined by the County, for such similar goods and services. The Contractor shall continue the performance of this Master Agreement to the extent not terminated under the provisions of this subsection.

8.42.3 Except with respect to defaults of any subcontractor, the Contractor shall not be liable for any such excess costs of the type identified in subsection 8.42.2 if its failure to perform this Master Agreement, including any Work Order issued hereunder, arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not limited to: acts of God or of the public enemy, acts of the County in either its sovereign or contractual capacity, acts of federal or State governments in their sovereign capacities, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case, the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for any such excess costs for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the

Contractor to meet the required performance schedule. As used in this subsection 8.42.3, the terms "subcontractor" and "subcontractors" mean subcontractor(s) at any tier.

8.42.4 If, after the County has given notice of termination under the provisions of this Section 8.42, it is determined by the County that the Contractor was not in default under the provisions of this Section 8.42, or that the default was excusable under the provisions of subsection 8.42.3, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Section 8.41, "Termination for Convenience."

8.42.5 The rights and remedies of the County provided in this Section 8.42 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Master Agreement.

8.43 TERMINATION FOR IMPROPER CONSIDERATION

8.43.1 The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Master Agreement if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Master Agreement or securing favorable treatment with respect to the award, amendment, or extension of this Master Agreement or the making of any determinations with respect to the Contractor's performance pursuant to this Master Agreement. In the event of such termination, the County shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

8.43.2 The Contractor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made to the County's Fraud Hotline at (800) 544-6861.

8.43.3 Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.

8.44 TERMINATION FOR INSOLVENCY

8.44.1 The County may terminate this Master Agreement forthwith in the event of the occurrence of any of the following:

- Insolvency of the Contractor. The Contractor shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy

Code and whether or not the Contractor is insolvent within the meaning of the Federal Bankruptcy Code;

- The filing of a voluntary or involuntary petition regarding the Contractor under the Federal Bankruptcy Code;
- The appointment of a Receiver or Trustee for the Contractor; or
- The execution by the Contractor of a general assignment for the benefit of creditors.

8.44.2 The rights and remedies of the County provided in this Section 8.44 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Master Agreement.

8.45 TERMINATION FOR NON-ADHERENCE OF COUNTY LOBBYIST ORDINANCE

The Contractor, and each County Lobbyist or County Lobbying firm as defined in County Code Section 2.160.010 retained by the Contractor, shall fully comply with the County's Lobbyist Ordinance, County Code Chapter 2.160. Failure on the part of the Contractor or any County Lobbyist or County Lobbying firm retained by the Contractor to fully comply with the County's Lobbyist Ordinance shall constitute a material breach of this Master Agreement, upon which the County may in its sole discretion, immediately terminate or suspend this Master Agreement.

8.46 TERMINATION FOR NON-APPROPRIATION OF FUNDS

Notwithstanding any other provision of this Master Agreement and/or work orders, the County shall not be obligated for the Contractor's performance hereunder or by any provision of this Master Agreement during any of the County's future fiscal years unless and until the County's Board of Supervisors appropriates funds for this Master Agreement in the County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Master Agreement, then this Master Agreement shall terminate as of June 30 of the last fiscal year for which funds were appropriated. The County shall notify the Contractor in writing of any such non-allocation of funds at the earliest possible date.

8.47 VALIDITY

If any provision of this Master Agreement or the application thereof to any person or circumstance is held invalid, the remainder of this Master Agreement and the application of such provision to other persons or circumstances shall not be affected thereby.

8.48 WAIVER

No waiver by the County of any breach of any provision of this Master Agreement shall constitute a waiver of any other breach or of such provision. Failure of the County to enforce at any time, or from time to time, any provision of this Master Agreement shall not be construed as a waiver thereof. The rights and remedies set forth in this Section 8.48 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Master Agreement.

8.49 WARRANTY AGAINST CONTINGENT FEES

8.49.1 The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Master Agreement upon any agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

8.49.2 For breach of this warranty, the County shall have the right to terminate this Master Agreement and, at its sole discretion, deduct from the cost(s) of the work order(s) issued hereunder or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

8.50 WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM

Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this contract will maintain compliance, with Los Angeles County Code Chapter 2.206.

8.51 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM

Failure of Contractor to maintain compliance with the requirements set forth in Section 8.50, "Warranty of Compliance with County's Defaulted Property Tax Reduction Program" shall constitute default under this contract. Without limiting the rights and remedies available to County under any other provision of this contract, failure of Contractor to cure such default within ten (10) days of notice shall be grounds upon which County may terminate this contract and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206.

8.52 TIME OFF FOR VOTING

The Contractor shall notify its employees, and shall require each subcontractor to notify and provide to its employees, information regarding the time off for voting law (Elections Code Section 14000). Not less than 10 days before every statewide election, every Contractor and subcontractors shall keep posted conspicuously at the place of work, if practicable, or elsewhere where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of Section 14000.

8.53 BUDGET REDUCTIONS

In the event that the County's Board of Supervisors adopts, in any fiscal year, a County Budget which provides for reductions in the salaries and benefits paid to the majority of the County's employees and imposes similar reductions with respect to the County's Contracts, the County reserves the right to reduce its payment obligation under this Master Agreement correspondingly for that fiscal year and any subsequent fiscal year during the term of this Master Agreement (including any extensions), and the services to be provided by the Contractor under this Master Agreement shall also be reduced correspondingly. The County's notice to the Contractor regarding said reduction in payment obligation shall be provided within thirty (30) calendar days of the Board's approval of such actions. Except as set forth in the preceding sentence, the Contractor shall continue to provide all of the services set forth in this Master Agreement.

8.54 COMPLIANCE WITH COUNTY'S ZERO TOLERANCE HUMAN TRAFFICKING

Contractor acknowledges that the County has established a Zero Tolerance Human Trafficking prohibiting contractors from engaging in human trafficking.

If a Contractor or member of Contractor's staff is convicted of a human trafficking offense, the County shall require that the Contractor or member of Contractor's staff be removed immediately from performing services under the Contract. County will not be under any obligation to disclose confidential information regarding the offenses other than those required by law.

Disqualification of any member of Contractors' staff pursuant to this paragraph shall not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Contract.

8.55 SECTION NOT USED

9.0 UNIQUE TERMS AND CONDITIONS

9.1 HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA)

9.1.1 The County is subject to the Administrative Simplification requirements and prohibitions of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 (HIPAA), and regulations promulgated thereunder, including the Privacy, Security, Breach Notification, and Enforcement Rules at 45 Code of Federal Regulations (C.F.R.) Parts 160 and 164 (collectively, the "HIPAA Rules"). Under this Master Agreement, the Contractor provides services to the County and the Contractor creates, has access to, receives, maintains, or transmits Protected Health Information as defined in Exhibit H in order to provide those services. The County and the Contractor therefore agree to the terms of Exhibit H, "Business Associate Under Health Insurance Portability and Accountability Act of 1996 (HIPAA)."

9.2 LOCAL SMALL BUSINESS ENTERPRISE (LSBE) PREFERENCE PROGRAM

9.2.1 This Master Agreement is subject to the provisions of the County's ordinance entitled LSBE Preference Program, as codified in Chapter 2.204 of the Los Angeles County Code.

9.2.2 The Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a LSBE.

9.2.3 The Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a LSBE.

9.2.4 If the Contractor has obtained certification as a LSBE by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:

1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;

2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than ten (10) percent of the amount of the contract; and
3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the State and the Department of Consumer and Business Affairs of this information prior to responding to a solicitation or accepting the award of a work order.

9.3 OWNERSHIP OF MATERIALS, SOFTWARE, AND COPYRIGHT

- 9.3.1 County shall be the sole owner of all right, title, and interest, including copyright, in and to all software, plans, diagrams, facilities, and tools (hereafter referred to as "materials") which are originated or created through Contractor's work pursuant to this Master Agreement. Contractor, for valuable consideration herein provided, shall execute all documents necessary to assign and transfer to, and vest in the County all Contractor's right, title, and interest in and to such original materials, including any copyright, patent, and trade secret rights which arise pursuant to Contractor's work under this Master Agreement.
- 9.3.2 During the term of this Master Agreement and for five (5) years thereafter, Contractor shall maintain and provide security for all Contractor's working papers prepared under this Master Agreement. County shall have the right to inspect, copy, and use at any time during and subsequent to the term of this Master Agreement, any and all such working papers and all information contained therein.
- 9.3.3 Any and all materials, software, and tools which are developed or were originally acquired by Contractor outside the scope of this Master Agreement, which Contractor desires to use hereunder, and which Contractor considers to be proprietary or confidential, must be specifically identified by Contractor to County's Project Manager as proprietary or confidential, and shall be plainly and prominently marked by Contractor as "Propriety" or "Confidential" on each appropriate page of any document containing such material.
- 9.3.4 County will use reasonable means to ensure that Contractor's proprietary and/or confidential items are safeguarded and held in confidence. County agrees not to reproduce, distribute, or

disclose to non-County entities any such proprietary and/or confidential items without the prior written consent of Contractor.

9.3.5 Notwithstanding any other provision of this Master Agreement, County will not be obligated to Contractor in any way under subsection 9.3.4 for any of Contractor's proprietary and/or confidential items which are not plainly and prominently marked with restrictive legends as required by subsection 9.3.3 or for any disclosure which County is required to make under any State or federal law or order of court.

9.3.6 All the rights and obligations of this Section 9.3 shall survive the expiration or termination of this Master Agreement.

9.4 PATENT, COPYRIGHT, AND TRADE SECRET INDEMNIFICATION

9.4.1 Contractor shall indemnify, hold harmless, and defend County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, for or by reason of any actual or alleged infringement of any third party's patent or copyright, or any actual or alleged unauthorized trade secret disclosure, arising from or related to the operation and utilization of Contractor's work under this Master Agreement. County shall inform Contractor as soon as practicable of any claim or action alleging such infringement or unauthorized disclosure, and shall support Contractor's defense and settlement thereof.

9.4.2 In the event any equipment, part thereof, or software product becomes the subject of any complaint, claim, or proceeding alleging infringement or unauthorized disclosure, such that County's continued use of such item is formally restrained, enjoined, or subjected to a risk of damages, Contractor, at its sole expense, and providing that County's continued use of the system is not materially impeded, shall either:

- Procure for County all rights to continued use of the questioned equipment, part, or software product; or
- Replace the questioned equipment, part, or software product with a non-questioned item; or
- Modify the questioned equipment, part, or software so that it is free of claims.

9.4.3 Contractor shall have no liability if the alleged infringement or unauthorized disclosure is based upon a use of the questioned product, either alone or in combination with other items not supplied by Contractor, in a manner for which the questioned product was not designed nor intended.

9.5 DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) PREFERENCE PROGRAM

- 9.5.1 This Master Agreement is subject to the provisions of the County's ordinance entitled DVBE Preference Program, as codified in Chapter 2.211 of the Los Angeles County Code.
- 9.5.2 Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a DVBE.
- 9.5.3 Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a DVBE.
- 9.5.4 If Contractor has obtained certification as a DVBE by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded a work order to which it would not otherwise have been entitled, shall:
1. Pay to the County any difference between the work order amount and what the County's costs would have been if the contract had been properly awarded;
 2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent of the amount of the work order; and
 3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

Notwithstanding any other remedies in this Master Agreement, the above penalties shall also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the State and the Department of Consumer and Business Affairs of this information prior to responding to a solicitation or accepting the award of a work order.

9.6 Social Enterprise (SE) Preference Program

- 9.6.1 This Master Agreement is subject to the provisions of the County's ordinance entitled SE Preference Program, as codified in Chapter 2.205 of the Los Angeles County Code.
- 9.6.2 Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a SE.
- 9.6.3 Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a SE.
- 9.6.4 If Contractor has obtained County certification as a SE by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, Contractor shall:
1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;
 2. In addition to the amount described in subdivision (1) above, the Contractor will be assessed a penalty in an amount of not more than ten percent (10%) of the amount of the contract; and
 3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply to any entity that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the Department of Consumer and Business Affairs of this information prior to responding to a solicitation or accepting a contract award.

**AUTHORIZATION OF MASTER AGREEMENT FOR
AS-NEEDED CONTRACT STUDIES AND AUDITS**

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Master Agreement to be executed by the Auditor-Controller (or designee) and approved by County Counsel, and Contractor has caused this Master Agreement to be executed in its behalf by its duly authorized officer, this _____ day of _____, 2017.

COUNTY OF LOS ANGELES

By _____
John Naimo
Auditor-Controller

By _____
Contractor

Signed: _____

Printed: _____

Title: _____

APPROVED AS TO FORM:

MARY C. WICKHAM, County Counsel

By _____
Deputy County Counsel

MASTER AGREEMENT ADMINISTRATION

MASTER AGREEMENT NO. _____

COUNTY ADMINISTRATION

County Contract Administrator:

Mr. John Naimo
Auditor-Controller
500 West Temple Street, Room 525
Los Angeles, CA 90012-2766

County Contract Manager

Dr. Peter Hughes
Assistant Auditor-Controller
500 West Temple Street, Room 525
Los Angeles, CA 90012-2766

County Project Manager (assigned for each project)

Name, Title
Address
Phone, Fax, Email

CONTRACTOR ADMINISTRATION

Contractor Master Agreement Administrator

Name, Title
Address
Phone, Fax, Email

Contractor Primary Liaison (if different than above)

Name, Title
Address
Phone, Fax, Email

Contractor Project Administrator (specified in each project proposal)

Name, Title
Address
Phone, Fax, Email

Contractor Project Manager (specified in each project proposal)

Name, Title
Address
Phone, Fax, Email

CONTRACTOR'S EQUAL EMPLOYMENT OPPORTUNITY (EEO) CERTIFICATION

Contractor Name

Address

Internal Revenue Service Employer Identification Number

GENERAL CERTIFICATION

In accordance with Section 4.32.010 of the Code of the County of Los Angeles, the contractor, supplier, or Vendor certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

CONTRACTOR'S SPECIFIC CERTIFICATIONS

1. The Contractor has a written policy statement prohibiting discrimination in all phases of employment. Yes No
2. The Contractor periodically conducts a self-analysis or utilization analysis of its work force. Yes No
3. The Contractor has a system for determining if its employment practices are discriminatory against protected groups. Yes No
4. Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables. Yes No

Authorized Official's Printed Name and Title

Authorized Official's Signature

Date

2.203.010 Findings.

The board of supervisors makes the following findings. The county of Los Angeles allows its permanent, full-time employees unlimited jury service at their regular pay. Unfortunately, many businesses do not offer or are reducing or even eliminating compensation to employees who serve on juries. This creates a potential financial hardship for employees who do not receive their pay when called to jury service, and those employees often seek to be excused from having to serve. Although changes in the court rules make it more difficult to excuse a potential juror on grounds of financial hardship, potential jurors continue to be excused on this basis, especially from longer trials. This reduces the number of potential jurors and increases the burden on those employers, such as the county of Los Angeles, who pay their permanent, full-time employees while on juror duty. For these reasons, the county of Los Angeles has determined that it is appropriate to require that the businesses with which the county contracts possess reasonable jury service policies. (Ord. 2002-0015 § 1 (part), 2002)

2.203.020 Definitions.

The following definitions shall be applicable to this chapter:

- A. "Contractor" means a person, partnership, corporation or other entity which has a contract with the county or a subcontract with a county contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more such contracts or subcontracts.
- B. "Employee" means any California resident who is a full-time employee of a contractor under the laws of California.
- C. "Contract" means any agreement to provide goods to, or perform services for or on behalf of, the county but does not include:
 - 1. A contract where the board finds that special circumstances exist that justify a waiver of the requirements of this chapter; or
 - 2. A contract where federal or state law or a condition of a federal or state program mandates the use of a particular contractor; or
 - 3. A purchase made through a state or federal contract; or
 - 4. A monopoly purchase that is exclusive and proprietary to a specific manufacturer, distributor, or reseller, and must match and inter-member with existing supplies, equipment or systems maintained by the county pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-3700 or a successor provision; or
 - 5. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, Section 4.4.0 or a successor provision; or
 - 6. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-2810 or a successor provision; or

7. A non-agreement purchase with a value of less than \$5,000 pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section A-0300 or a successor provision; or
 8. A bona fide emergency purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section PP-100 or a successor provision.
- D. "Full time" means 40 hours or more worked per week, or a lesser number of hours if:
1. The lesser number is a recognized industry standard as determined by the chief administrative officer, or
 2. The contractor has a long-standing practice that defines the lesser number of hours as full time.
- E. "County" means the county of Los Angeles or any public entities for which the board of supervisors is the governing body. (Ord. 2002-0040 § 1, 2002: Ord. 2002-0015 § 1 (part), 2002)

2.203.030 Applicability.

This chapter shall apply to contractors who enter into contracts that commence after July 11, 2002. This chapter shall also apply to contractors with existing contracts which are extended into option years that commence after July 11, 2002. Contracts that commence after May 28, 2002, but before July 11, 2002, shall be subject to the provisions of this chapter only if the solicitations for such contracts stated that the chapter would be applicable. (Ord. 2002-0040 § 2, 2002: Ord. 2002-0015 § 1 (part), 2002)

2.203.040 Contractor Jury Service Policy.

A contractor shall have and adhere to a written policy that provides that its employees shall receive from the contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with the contractor or that the contractor deduct from the employees' regular pay the fees received for jury service. (Ord. 2002-0015 § 1 (part), 2002)

2.203.050 Other Provisions.

- A. Administration. The chief administrative officer shall be responsible for the administration of this chapter. The chief administrative officer may, with the advice of county counsel, issue interpretations of the provisions of this chapter and shall issue written instructions on the implementation and ongoing administration of this chapter. Such instructions may provide for the delegation of functions to other county departments.
- B. Compliance Certification. At the time of seeking a contract, a contractor shall certify to the county that it has and adheres to a policy consistent with this chapter or will have and adhere to such a policy prior to award of the contract. (Ord. 2002-0015 § 1 (part), 2002)

2.203.060 Enforcement and Remedies.

For a contractor's violation of any provision of this chapter, the county department head responsible for administering the contract may do one or more of the following:

1. Recommend to the board of supervisors the termination of the contract; and/or,
2. Pursuant to chapter 2.202, seek the debarment of the contractor. (Ord. 2002-0015 § 1 (part), 2002)

2.203.070. Exceptions.

- A. Other Laws. This chapter shall not be interpreted or applied to any contractor or to any employee in a manner inconsistent with the laws of the United States or California.
- B. Collective Bargaining Agreements. This chapter shall be superseded by a collective bargaining agreement that expressly so provides.
- C. Small Business. This chapter shall not be applied to any contractor that meets all of the following:
 1. Has ten or fewer employees during the contract period; and,
 2. Has annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, are less than \$500,000; and,
 3. Is not an affiliate or subsidiary of a business dominant in its field of operation.

"Dominant in its field of operation" means having more than ten employees and annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, exceed \$500,000.

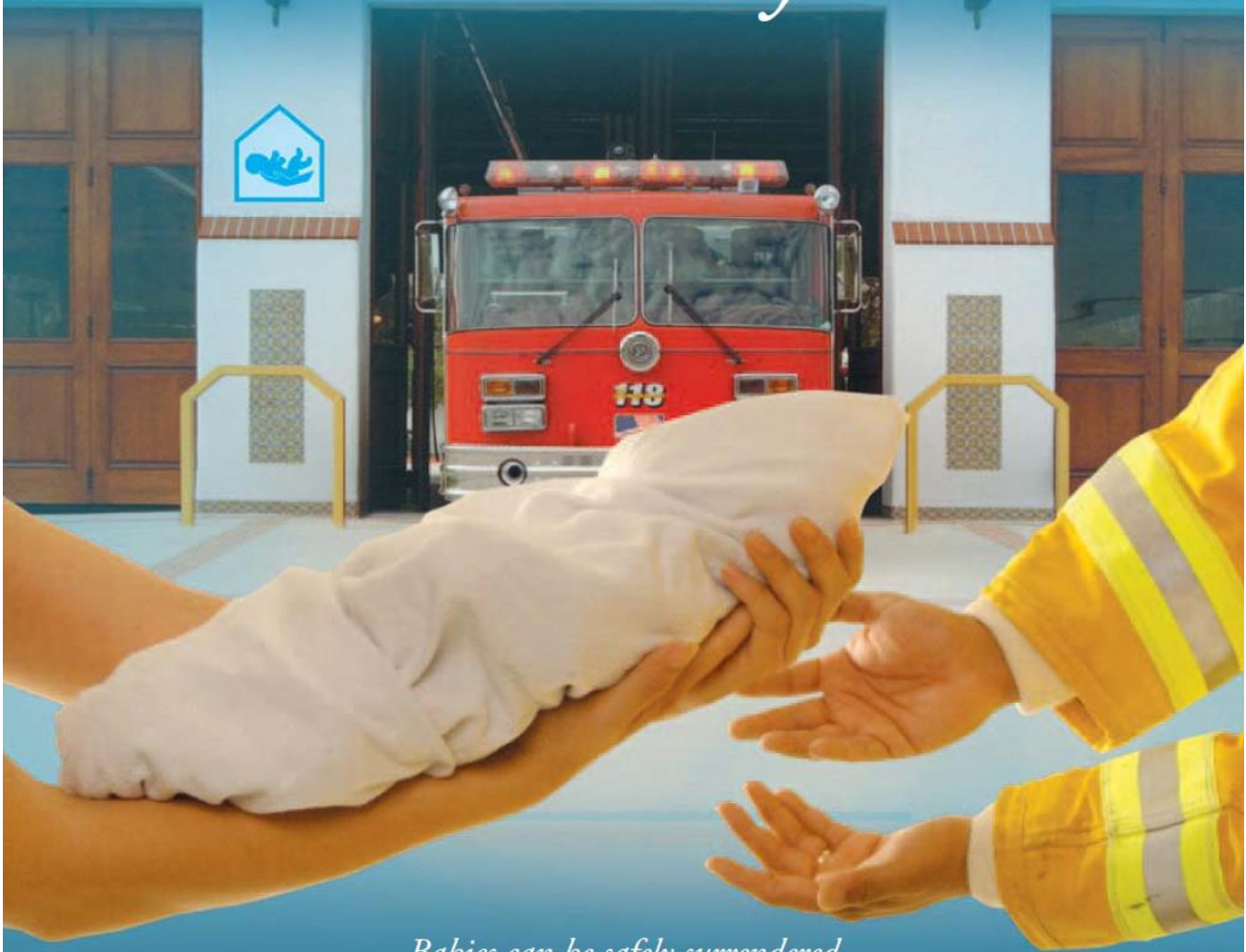
"Affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation. (Ord. 2002-0015 § 1 (part), 2002)

2.203.090. Severability.

If any provision of this chapter is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. (Ord. 2002-0015 § 1 (part), 2002)

SAFELY SURRENDERED BABY LAW

Safely Surrendered *Baby Law*



*Babies can be safely surrendered
to staff at any hospital or fire station in Los Angeles County*

No shame. No blame. No names.

In Los Angeles County: 1-877-BABY SAFE • 1-877-222-9723

www.babysafela.org



Safely Surrendered Baby Law

What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents or other persons, with lawful custody, which means anyone to whom the parent has given permission to confidentially surrender a baby. As long as the baby is three days (72 hours) of age or younger and has not been abused or neglected, the baby may be surrendered without fear of arrest or prosecution.

Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a baby, let her know there are other options. For three days (72 hours) after birth, a baby can be surrendered to staff at any hospital or fire station in Los Angeles County.

How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially, and safely surrender a baby within three days (72 hours) of birth. The baby must be handed to an employee at a hospital or fire station in Los Angeles County. As long as the baby shows no sign of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, staff will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent or other surrendering adult.

What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their baby within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

Can only a parent bring in the baby?

No. While in most cases a parent will bring in the baby, the Law allows other people to bring in the baby if they have lawful custody.

Does the parent or surrendering adult have to call before bringing in the baby?

No. A parent or surrendering adult can bring in a baby anytime, 24 hours a day, 7 days a week, as long as the parent or surrendering adult surrenders the baby to someone who works at the hospital or fire station.

Does the parent or surrendering adult have to tell anything to the people taking the baby?

No. However, hospital or fire station personnel will ask the surrendering party to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the baby. The questionnaire includes a stamped return envelope and can be sent in at a later time.

What happens to the baby?

The baby will be examined and given medical treatment. Upon release from the hospital, social workers immediately place the baby in a safe and loving home and begin the adoption process.

What happens to the parent or surrendering adult?

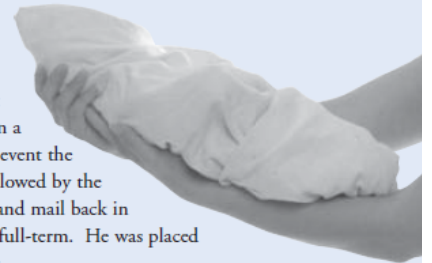
Once the parent or surrendering adult surrenders the baby to hospital or fire station personnel, they may leave at any time.

Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned, hurt or killed by their parents. You may have heard tragic stories of babies left in dumpsters or public bathrooms. Their parents may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had no one or nowhere to turn for help, they abandoned their babies. Abandoning a baby is illegal and places the baby in extreme danger. Too often, it results in the baby's death. The Safely Surrendered Baby Law prevents this tragedy from ever happening again in California.

A baby's story

Early in the morning on April 9, 2005, a healthy baby boy was safely surrendered to nurses at Harbor-UCLA Medical Center. The woman who brought the baby to the hospital identified herself as the baby's aunt and stated the baby's mother had asked her to bring the baby to the hospital on her behalf. The aunt was given a bracelet with a number matching the anklet placed on the baby; this would provide some identification in the event the mother changed her mind about surrendering the baby and wished to reclaim the baby in the 14-day period allowed by the Law. The aunt was also provided with a medical questionnaire and said she would have the mother complete and mail back in the stamped return envelope provided. The baby was examined by medical staff and pronounced healthy and full-term. He was placed with a loving family that had been approved to adopt him by the Department of Children and Family Services.



Ley de Entrega de Bebés *Sin Peligro*



Los recién nacidos pueden ser entregados en forma segura al personal de cualquier hospital o cuartel de bomberos del Condado de Los Ángeles

Sin pena. Sin culpa. Sin nombres.

En el Condado de Los Ángeles: 1-877-BABY SAFE • 1-877-222-9723

www.babysafela.org



Ley de Entrega de Bebés Sin Peligro

¿Qué es la Ley de Entrega de Bebés sin Peligro?

La Ley de Entrega de Bebés sin Peligro de California permite la entrega confidencial de un recién nacido por parte de sus padres u otras personas con custodia legal, es decir cualquier persona a quien los padres le hayan dado permiso. Siempre que el bebé tenga tres días (72 horas) de vida o menos, y no haya sufrido abuso ni negligencia, pueden entregar al recién nacido sin temor de ser arrestados o procesados.

Cada recién nacido se merece la oportunidad de tener una vida saludable. Si alguien que usted conoce está pensando en abandonar a un recién nacido, infórmele que tiene otras opciones. Hasta tres días (72 horas) después del nacimiento, se puede entregar un recién nacido al personal de cualquier hospital o cuartel de bomberos del condado de Los Angeles.

¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura dentro de los tres días (72 horas) del nacimiento. El bebé debe ser entregado a un empleado de cualquier hospital o cuartel de bomberos del Condado de Los Ángeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazalete y el padre/madre o el adulto que lo entregue recibirá un brazalete igual.

¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden comenzar el proceso de reclamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Ángeles al 1-800-540-4000.

¿Sólo los padres podrán llevar al recién nacido?

No. Si bien en la mayoría de los casos son los padres los que llevan al bebé, la ley permite que otras personas lo hagan si tienen custodia legal.

¿Los padres o el adulto que entrega al bebé deben llamar antes de llevar al bebé?

No. El padre/madre o adulto puede llevar al bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, siempre y cuando entreguen a su bebé a un empleado del hospital o cuartel de bomberos.

¿Es necesario que el padre/madre o adulto diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital o cuartel de bomberos le pedirá a la persona que entregue al bebé que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para cuidar bien del bebé. El cuestionario incluye un sobre con el sello postal pagado para enviarlo en otro momento.

¿Qué pasará con el bebé?

El bebé será examinado y le brindarán atención médica. Cuando le den el alta del hospital, los trabajadores sociales inmediatamente ubicarán al bebé en un hogar seguro donde estará bien atendido, y se comenzará el proceso de adopción.

¿Qué pasará con el padre/madre o adulto que entregue al bebé?

Una vez que los padres o adulto hayan entregado al bebé al personal del hospital o cuartel de bomberos, pueden irse en cualquier momento.

¿Por qué se está haciendo esto en California? ?

La finalidad de la Ley de Entrega de Bebés sin Peligro es proteger a los bebés para que no sean abandonados, lastimados o muertos por sus padres. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Los padres de esos bebés probablemente hayan estado pasando por dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus bebés porque tenían miedo y no tenían nadie a quien pedir ayuda. El abandono de un recién nacido es ilegal y pone al bebé en una situación de peligro extremo. Muy a menudo el abandono provoca la muerte del bebé. La Ley de Entrega de Bebés sin Peligro impide que vuelva a suceder esta tragedia en California.

Historia de un bebé

A la mañana temprano del día 9 de abril de 2005, se entregó un recién nacido saludable a las enfermeras del Harbor-UCLA Medical Center. La mujer que llevó el recién nacido al hospital se dio a conocer como la tía del bebé, y dijo que la madre le había pedido que llevara al bebé al hospital en su nombre. Le entregaron a la tía un brazalete con un número que coincidía con la pulsera del bebé; esto serviría como identificación en caso de que la madre cambiara de opinión con respecto a la entrega del bebé y decidiera recuperarlo dentro del período de 14 días que permite esta ley. También le dieron a la tía un cuestionario médico, y ella dijo que la madre lo llenaría y lo enviaría de vuelta dentro del sobre con franqueo pagado que le habían dado. El personal médico examinó al bebé y se determinó que estaba saludable y a término. El bebé fue ubicado con una buena familia que ya había sido aprobada para adoptarlo por el Departamento de Servicios para Niños y Familias.



CERTIFICATION OF NO CONFLICT OF INTEREST

Los Angeles County Code Section 2.180.010.A provides as follows:

“Certain contracts prohibited.

- A. Notwithstanding any other section of this code, the County shall not contract with, and shall reject any bid or proposal submitted by, the persons or entities specified below, unless the Board of Supervisors finds that special circumstances exist which justify the approval of such contract:
1. Employees of the County or of public agencies for which the Board of Supervisors is the governing body;
 2. Profit-making firms or businesses in which employees described in subdivision 1 of subsection A serve as officers, principals, partners, or major shareholders;
 3. Persons who, within the immediately preceding 12 months, came within the provisions of subdivision 1 of subsection A, and who:
 - a. Were employed in positions of substantial responsibility in the area of service to be performed by the contract; or
 - b. Participated in any way in developing the contract or its service specifications; and
 4. Profit-making firms or businesses in which the former employees, described in subdivision 3 of subsection A, serve as officers, principals, partners, or major shareholders.”

Contractor hereby declares and certifies that no Contractor Personnel, nor any other person acting on Contractor's behalf, who prepared and/or participated in the preparation of the bid or proposal submitted for the Work Order specified above, is within the purview of County Code Section 2.180.010.A, above.

I declare under penalty of perjury that the foregoing is true and correct.

Signature of Authorized Official

Printed Name of Authorized Official

Title of Authorized Official

Date

(Note: As indicated in subsection 6.7.4 of the Master Agreement, there may be occasions when the Auditor-Controller will require the use of this confidentiality agreement. Such occasions will be clearly stated in the respective Work Order Request document. When this agreement is required, this certification is to be executed and returned to the County with Contractor's executed Work Order. Work cannot begin on the project until the County receives this executed document.)

Contractor Name _____

Work Order No. _____

County Master Agreement No. _____

GENERAL INFORMATION:

The Contractor referenced above has entered into a Master Agreement with the County of Los Angeles to provide certain services to the County. The County requires the Corporation to sign this Contractor Acknowledgement and Confidentiality Agreement.

CONTRACTOR ACKNOWLEDGEMENT:

Contractor understands and agrees that the Contractor employees, consultants, Outsourced Vendors, and independent contractors (Contractor's Staff) that will provide services in the above referenced agreement are Contractor's sole responsibility. Contractor understands and agrees that Contractor's Staff must rely exclusively upon Contractor for payment of salary and any and all other benefits payable by virtue of Contractor's Staff's performance of work under the above-referenced Master Agreement.

Contractor understands and agrees that Contractor's Staff are not employees of the County of Los Angeles for any purpose whatsoever and that Contractor's Staff do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced Master Agreement. Contractor understands and agrees that Contractor's Staff will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

CONFIDENTIALITY AGREEMENT:

Contractor and Contractor's Staff may be involved with work pertaining to services provided by the County of Los Angeles and, if so, Contractor and Contractor's Staff may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, Contractor and Contractor's Staff may also have access to proprietary information supplied by other Vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. Contractor and Contractor's Staff understand that if they are involved in County work, the County must ensure that Contractor and Contractor's Staff, will protect the confidentiality of such data and information. Consequently, Contractor must sign this Confidentiality Agreement as a condition of work to be provided by Contractor's Staff for the County.

Contractor and Contractor's Staff hereby agrees that they will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced Master Agreement between Contractor and the County of Los Angeles. Contractor and Contractor's Staff agree to forward all requests for the release of any data or information received to County's Project Manager.

Contractor and Contractor's Staff agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to Contractor and Contractor's Staff under the above-referenced Master Agreement. Contractor and Contractor's Staff agree to protect these confidential materials against disclosure to other than Contractor or County employees who have a need to know the information. Contractor and Contractor's Staff agree that if proprietary information supplied by other County Vendors is provided to me during this employment. Contractor and Contractor's Staff shall keep such information confidential.

Contractor and Contractor's Staff agree to report any and all violations of this agreement by Contractor and Contractor's Staff and/or by any other person of whom Contractor and Contractor's Staff become aware.

Contractor and Contractor's Staff acknowledge that violation of this agreement may subject Contractor and Contractor's Staff to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: _____

DATE: ____/____/____

PRINTED NAME: _____

POSITION: _____

CONTRACTOR'S ASSIGNMENT AND TRANSFER OF COPYRIGHT

For good and valuable consideration, receipt of which is hereby acknowledged, the undersigned, _____, a _____, ("Grantor") does hereby assign, grant, convey and transfer to the County of Los Angeles, California ("Grantee") and its successors and assigns throughout the world in perpetuity, all of Grantor's right, title and interest of every kind and nature in and to all materials, documents, software programs and documentation, written designs, plans, diagrams, reports, software development tools and aids, diagnostic aids, computer processable media, source codes, object codes, conversion aids, training aids, training documentation and aids, and other information and/or tools of all types (including, without limitation, those items listed on Schedule A, incorporated herein by reference) developed or acquired, in whole or in part, under the Master Agreement described below, including, but not limited to, all right, title and interest in and to all copyrights and works protectable by copyright and all renewals and extensions thereof (collectively, the "Works"), and in and to all copyrights and right, title and interest of every kind or nature, without limitation, in and to all works based thereon, incorporated in, derived from, incorporating or relating to, the Works or from which the Works are derived.

Without limiting the generality of the foregoing, the aforesaid conveyance and assignment shall include, but is not limited to, all prior choses-in-action, at law, in equity and otherwise, the right to recover all damages and other sums, and the right to other relief allowed or awarded at law, in equity, by statute or otherwise.

Grantor and Grantee have entered into County of Los Angeles Master Agreement Number _____

for _____,

dated _____, as amended by Amendment Number _____, dated _____,

{NOTE to Preparer: reference all existing Amendments} as the same hereafter may be amended or otherwise modified from time to time (the "Agreement").

Grantor's Signature

Date

Grantor's Printed Name: _____

Grantor's Printed Position: _____

**BUSINESS ASSOCIATE AGREEMENT
UNDER THE HEALTH INSURANCE PORTABILITY
AND ACCOUNTABILITY ACT OF 1996 ("HIPAA")**

County is a Covered Entity as defined by, and subject to the requirements and prohibitions of, the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), and regulations promulgated thereunder, including the Privacy, Security, Breach Notification, and Enforcement Rules at 45 Code of Federal Regulations (C.F.R.) Parts 160 and 164 (collectively, the "HIPAA Rules").

Contractor performs or provides functions, activities or services to County that require Contractor in order to provide such functions, activities or services to create, access, receive, maintain, and/or transmit information that includes or that may include Protected Health Information, as defined by the HIPAA Rules. As such, Contractor is a Business Associate, as defined by the HIPAA Rules, and is therefore subject to those provisions of the HIPAA Rules that are applicable to Business Associates.

The HIPAA Rules require a written agreement ("Business Associate Agreement") between County and Contractor in order to mandate certain protections for the privacy and security of Protected Health Information, and these HIPAA Rules prohibit the disclosure to or use of Protected Health Information by Contractor if such an agreement is not in place.

This Business Associate Agreement and its provisions are intended to protect the privacy and provide for the security of Protected Health Information disclosed to or used by Contractor in compliance with the HIPAA Rules.

Therefore, the parties agree as follows:

1. DEFINITIONS

- 1.1 "Breach" has the same meaning as the term "breach" at 45 C.F.R. § 164.402.
- 1.2 "Business Associate" has the same meaning as the term "business associate" at 45 C.F.R. § 160.103. For the convenience of the parties, a "business associate" is a person or entity, other than a member of the workforce of covered entity, who performs functions or activities on behalf of, or provides certain services to, a covered entity that involve access by the business associate to Protected Health Information. A "business associate" also is a subcontractor that creates, receives, maintains, or transmits Protected Health Information on behalf of another business associate. And in reference to the party to this Business Associate Agreement "Business Associate" shall mean Contractor.

- 1.3 "Covered Entity" has the same meaning as the term "covered entity" at 45 C.F.R. § 160.103, and in reference to the party to this Business Associate Agreement, "Covered Entity" shall mean County.
- 1.4 "Data Aggregation" has the same meaning as the term "data aggregation" at 45 C.F.R. § 164.501.
- 1.5 "De-identification" refers to the de-identification standard at 45 C.F.R. § 164.514.
- 1.6 "Designated Record Set" has the same meaning as the term "designated record set" at 45 C.F.R. § 164.501.
- 1.7 "Disclose" and "Disclosure" mean, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health Information outside Business Associate's internal operations or to other than its workforce. (See 45 C.F.R. § 160.103.)
- 1.8 "Electronic Health Record" means an electronic record of health-related information on an individual that is created, gathered, managed, and consulted by authorized health care clinicians and staff. (See 42 U.S. C. § 17921.)
- 1.9 "Electronic Media" has the same meaning as the term "electronic media" at 45 C.F.R. § 160.103. For the convenience of the parties, electronic media means (1) Electronic storage material on which data is or may be recorded electronically, including, for example, devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; (2) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the Internet, extranet or intranet, leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media if the information being exchanged did not exist in electronic form immediately before the transmission.
- 1.10 "Electronic Protected Health Information" has the same meaning as the term "electronic protected health information" at 45 C.F.R. § 160.103, limited to Protected Health Information created or received by Business Associate from or on behalf of Covered Entity. For the convenience of the parties, Electronic Protected Health Information means Protected Health Information that is (i) transmitted by electronic media; (ii) maintained in electronic media.

- 1.11 "Health Care Operations" has the same meaning as the term "health care operations" at 45 C.F.R. § 164.501.
- 1.12 "Individual" has the same meaning as the term "individual" at 45 C.F.R. § 160.103. For the convenience of the parties, Individual means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502 (g).
- 1.13 "Law Enforcement Official" has the same meaning as the term "law enforcement official" at 45 C.F.R. § 164.103.
- 1.14 "Minimum Necessary" refers to the minimum necessary standard at 45 C.F.R. § 162.502 (b).
- 1.15 "Protected Health Information" has the same meaning as the term "protected health information" at 45 C.F.R. § 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity. For the convenience of the parties, Protected Health Information includes information that (i) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an Individual; (ii) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (iii) is created, received, maintained, or transmitted by Business Associate from or on behalf of Covered Entity, and includes Protected Health Information that is made accessible to Business Associate by Covered Entity. "Protected Health Information" includes Electronic Protected Health Information.
- 1.16 "Required by Law" " has the same meaning as the term "required by law" at 45 C.F.R. § 164.103.
- 1.17 "Secretary" has the same meaning as the term "secretary" at 45 C.F.R. § 160.103
- 1.18 "Security Incident" has the same meaning as the term "security incident" at 45 C.F.R. § 164.304.
- 1.19 "Services" means, unless otherwise specified, those functions, activities, or services in the applicable underlying Agreement, Contract, Master Agreement, Work Order, or Purchase Order or other service arrangement, with or without payment, that gives rise to Contractor's status as a Business Associate.
- 1.20 "Subcontractor" has the same meaning as the term "subcontractor" at 45 C.F.R. § 160.103.

- 1.21 "Unsecured Protected Health Information" has the same meaning as the term "unsecured protected health information" at 45 C.F.R. § 164.402.
- 1.22 "Use" or "Uses" means, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Information within Business Associate's internal operations. (See 45 C.F.R § 164.103.)
- 1.23 Terms used, but not otherwise defined in this Business Associate Agreement, have the same meaning as those terms in the HIPAA Rules.

2. PERMITTED AND REQUIRED USES AND DISCLOSURES OF PROTECTED HEALTH INFORMATION

- 2.1 Business Associate may only Use and/or Disclose Protected Health Information as necessary to perform Services, and/or as necessary to comply with the obligations of this Business Associate Agreement.
- 2.2 Business Associate may Use Protected Health Information for de-identification of the information if de-identification of the information is required to provide Services.
- 2.3 Business Associate may Use or Disclose Protected Health Information as Required by Law.
- 2.4 Business Associate shall make Uses and Disclosures and requests for Protected Health Information consistent with the Covered Entity's applicable Minimum Necessary policies and procedures.
- 2.5 Business Associate may Use Protected Health Information as necessary for the proper management and administration of its business or to carry out its legal responsibilities.
- 2.6 Business Associate may Disclose Protected Health Information as necessary for the proper management and administration of its business or to carry out its legal responsibilities, provided the Disclosure is Required by Law or Business Associate obtains reasonable assurances from the person to whom the Protected Health Information is disclosed (i.e., the recipient) that it will be held confidentially and Used or further Disclosed only as Required by Law or for the purposes for which it was disclosed to the recipient and the recipient notifies Business Associate of any instances of which it is aware in which the confidentiality of the Protected Health Information has been breached.

2.7 Business Associate may provide Data Aggregation services relating to Covered Entity's Health Care Operations if such Data Aggregation services are necessary in order to provide Services.

3. PROHIBITED USES AND DISCLOSURES OF PROTECTED HEALTH INFORMATION

3.1 Business Associate shall not Use or Disclose Protected Health Information other than as permitted or required by this Business Associate Agreement or as Required by Law.

3.2 Business Associate shall not Use or Disclose Protected Health Information in a manner that would violate Subpart E of 45 C.F.R. Part 164 if done by Covered Entity, except for the specific Uses and Disclosures set forth in Sections 2.5 and 2.6.

3.3 Business Associate shall not Use or Disclose Protected Health Information for de-identification of the information except as set forth in Section 2.2.

4. OBLIGATIONS TO SAFEGUARD PROTECTED HEALTH INFORMATION

4.1 Business Associate shall implement, use, and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information other than as provided for by this Business Associate Agreement.

4.2 Business Associate shall comply with Subpart C of 45 C.F.R Part 164 with respect to Electronic Protected Health Information, to prevent the Use or Disclosure of such information other than as provided for by this Business Associate Agreement.

5. REPORTING NON-PERMITTED USES OR DISCLOSURES, SECURITY INCIDENTS, AND BREACHES OF UNSECURED PROTECTED HEALTH INFORMATION

5.1 Business Associate shall report to Covered Entity any Use or Disclosure of Protected Health Information not permitted by this Business Associate Agreement, any Security Incident, and/ or any Breach of Unsecured Protected Health Information as further described in Sections 5.1.1, 5.1.2, and 5.1.3.

5.1.1 Business Associate shall report to Covered Entity any Use or Disclosure of Protected Health Information by Business Associate, its employees, representatives, agents or Subcontractors not provided for by this Agreement of which Business Associate becomes aware.

- 5.1.2 Business Associate shall report to Covered Entity any Security Incident of which Business Associate becomes aware.
- 5.1.3. Business Associate shall report to Covered Entity any Breach by Business Associate, its employees, representatives, agents, workforce members, or Subcontractors of Unsecured Protected Health Information that is known to Business Associate or, by exercising reasonable diligence, would have been known to Business Associate. Business Associate shall be deemed to have knowledge of a Breach of Unsecured Protected Health Information if the Breach is known, or by exercising reasonable diligence would have been known, to any person, other than the person committing the Breach, who is an employee, officer, or other agent of Business Associate, including a Subcontractor, as determined in accordance with the federal common law of agency.
- 5.2 Except as provided in Section 5.3, for any reporting required by Section 5.1, Business Associate shall provide, to the extent available, all information required by, and within the times frames specified in, Sections 5.2.1 and 5.2.2.
- 5.2.1 Business Associate shall make an immediate telephonic report upon discovery of the non-permitted Use or Disclosure of Protected Health Information, Security Incident or Breach of Unsecured Protected Health Information to **(562) 940-3335** that minimally includes:
- (a) A brief description of what happened, including the date of the non-permitted Use or Disclosure, Security Incident, or Breach and the date of Discovery of the non-permitted Use or Disclosure, Security Incident, or Breach, if known;
 - (b) The number of Individuals whose Protected Health Information is involved;
 - (c) A description of the specific type of Protected Health Information involved in the non-permitted Use or Disclosure, Security Incident, or Breach (such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code or other types of information were involved);
 - (d) The name and contact information for a person highly knowledgeable of the facts and circumstances of the non-permitted Use or Disclosure of PHI, Security Incident, or Breach

5.2.2 Business Associate shall make a written report without unreasonable delay and in no event later than three (3) business days from the date of discovery by Business Associate of the non-permitted Use or Disclosure of Protected Health Information, Security Incident, or Breach of Unsecured Protected Health Information and to the **Chief Privacy Officer at: Chief Privacy Officer, Kenneth Hahn Hall of Administration, 500 West Temple Street, Suite 525, Los Angeles, California 90012, HIPAA@auditor.lacounty.gov**, that includes, to the extent possible:

- (a) A brief description of what happened, including the date of the non-permitted Use or Disclosure, Security Incident, or Breach and the date of Discovery of the non-permitted Use or Disclosure, Security Incident, or Breach, if known;
- (b) The number of Individuals whose Protected Health Information is involved;
- (c) A description of the specific type of Protected Health Information involved in the non-permitted Use or Disclosure, Security Incident, or Breach (such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code or other types of information were involved);
- (d) The identification of each Individual whose Unsecured Protected Health Information has been, or is reasonably believed by Business Associate to have been, accessed, acquired, Used, or Disclosed;
- (e) Any other information necessary to conduct an assessment of whether notification to the Individual(s) under 45 C.F.R. § 164.404 is required;
- (f) Any steps Business Associate believes that the Individual(s) could take to protect him or herself from potential harm from the non-permitted Use or Disclosure, Security Incident, or Breach;
- (g) A brief description of what Business Associate is doing to investigate, to mitigate harm to the Individual(s), and to protect against any further similar occurrences; and
- (h) The name and contact information for a person highly knowledgeable of the facts and circumstances of the non-permitted Use or Disclosure of PHI, Security Incident, or Breach.

- 5.2.3 If Business Associate is not able to provide the information specified in Section 5.2.1 or 5.2.2 at the time of the required report, Business Associate shall provide such information promptly thereafter as such information becomes available.
- 5.3 Business Associate may delay the notification required by Section 5.1.3, if a law enforcement official states to Business Associate that notification would impede a criminal investigation or cause damage to national security.
- 5.3.1 If the law enforcement official's statement is in writing and specifies the time for which a delay is required, Business Associate shall delay its reporting and/or notification obligation(s) for the time period specified by the official.
- 5.3.2 If the statement is made orally, Business Associate shall document the statement, including the identity of the official making the statement, and delay its reporting and/or notification obligation(s) temporarily and no longer than 30 days from the date of the oral statement, unless a written statement as described in Section 5.3.1 is submitted during that time.

6. WRITTEN ASSURANCES OF SUBCONTRACTORS

- 6.1 In accordance with 45 C.F.R. § 164.502 (e)(1)(ii) and § 164.308 (b)(2), if applicable, Business Associate shall ensure that any Subcontractor that creates, receives, maintains, or transmits Protected Health Information on behalf of Business Associate is made aware of its status as a Business Associate with respect to such information and that Subcontractor agrees in writing to the same restrictions, conditions, and requirements that apply to Business Associate with respect to such information.
- 6.2 Business Associate shall take reasonable steps to cure any material breach or violation by Subcontractor of the agreement required by Section 6.1.
- 6.3 If the steps required by Section 6.2 do not cure the breach or end the violation, Contractor shall terminate, if feasible, any arrangement with Subcontractor by which Subcontractor creates, receives, maintains, or transmits Protected Health Information on behalf of Business Associate.
- 6.4 If neither cure nor termination as set forth in Sections 6.2 and 6.3 is feasible, Business Associate shall immediately notify County.
- 6.5 Without limiting the requirements of Section 6.1, the agreement required by Section 6.1 (Subcontractor Business Associate

Agreement) shall require Subcontractor to contemporaneously notify Covered Entity in the event of a Breach of Unsecured Protected Health Information.

- 6.6 Without limiting the requirements of Section 6.1, agreement required by Section 6.1 (Subcontractor Business Associate Agreement) shall include a provision requiring Subcontractor to destroy, or in the alternative to return to Business Associate, any Protected Health Information created, received, maintained, or transmitted by Subcontractor on behalf of Business Associate so as to enable Business Associate to comply with the provisions of Section 18.4.
- 6.7 Business Associate shall provide to Covered Entity, at Covered Entity's request, a copy of any and all Subcontractor Business Associate Agreements required by Section 6.1.
- 6.8 Sections 6.1 and 6.7 are not intended by the parties to limit in any way the scope of Business Associate's obligations related to Subcontracts or Subcontracting in the applicable underlying Agreement, Contract, Master Agreement, Work Order, Purchase Order, or other services arrangement, with or without payment, that gives rise to Contractor's status as a Business Associate.

7. ACCESS TO PROTECTED HEALTH INFORMATION

- 7.1 To the extent Covered Entity determines that Protected Health Information is maintained by Business Associate or its agents or Subcontractors in a Designated Record Set, Business Associate shall, within two (2) business days after receipt of a request from Covered Entity, make the Protected Health Information specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and shall provide such Individuals(s) or other person(s) designated by Covered Entity with a copy the specified Protected Health Information, in order for Covered Entity to meet the requirements of 45 C.F.R. § 164.524.
- 7.2 If any Individual requests access to Protected Health Information directly from Business Associate or its agents or Subcontractors, Business Associate shall notify Covered Entity in writing within two (2) days of the receipt of the request. Whether access shall be provided or denied shall be determined by Covered Entity.
- 7.3 To the extent that Business Associate maintains Protected Health Information that is subject to access as set forth above in one or more Designated Record Sets electronically and if the Individual requests an electronic copy of such information, Business Associate shall provide the Individual with access to the Protected Health Information in the

electronic form and format requested by the Individual, if it is readily producible in such form and format; or, if not, in a readable electronic form and format as agreed to by Covered Entity and the Individual.

8. AMENDMENT OF PROTECTED HEALTH INFORMATION

- 8.1 To the extent Covered Entity determines that any Protected Health Information is maintained by Business Associate or its agents or Subcontractors in a Designated Record Set, Business Associate shall, within ten (10) business days after receipt of a written request from Covered Entity, make any amendments to such Protected Health Information that are requested by Covered Entity, in order for Covered Entity to meet the requirements of 45 C.F.R. § 164.526.
- 8.2 If any Individual requests an amendment to Protected Health Information directly from Business Associate or its agents or Subcontractors, Business Associate shall notify Covered Entity in writing within five (5) days of the receipt of the request. Whether an amendment shall be granted or denied shall be determined by Entity.

9. ACCOUNTING OF DISCLOSURES OF PROTECTED HEALTH INFORMATION

- 9.1 Business Associate shall maintain an accounting of each Disclosure of Protected Health Information made by Business Associate or its employees, agents, representatives or Subcontractors, as is determined by Covered Entity to be necessary in order to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.
- 9.1.1 Any accounting of disclosures provided by Business Associate under Section 9.1 shall include:
- (a) The date of the Disclosure;
 - (b) The name, and address if known, of the entity or person who received the Protected Health Information;
 - (c) A brief description of the Protected Health Information Disclosed; and
 - (d) A brief statement of the purpose of the Disclosure.
- 9.1.2 For each Disclosure that could require an accounting under Section 9.1, Business Associate shall document the information specified in Section 9.1.1, and shall maintain the information for six (6) years from the date of the Disclosure.

- 9.2 Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of a written request from Covered Entity, information collected in accordance with Section 9.1.1 to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528
- 9.3 If any Individual requests an accounting of disclosures directly from Business Associate or its agents or Subcontractors, Business Associate shall notify Covered Entity in writing within five (5) days of the receipt of the request, and shall provide the requested accounting of disclosures to the Individual(s) within 30 days. The information provided in the accounting shall be in accordance with 45 C.F.R. § 164.528.

10. COMPLIANCE WITH APPLICABLE HIPAA RULES

- 10.1 To the extent Business Associate is to carry out one or more of Covered Entity's obligation(s) under Subpart E of 45 C.F.R. Part 164, Business Associate shall comply with the requirements of Subpart E that apply to Covered Entity's performance of such obligation(s).
- 10.2 Business Associate shall comply with all HIPAA Rules applicable to Business Associate in the performance of Services.

11. AVAILABILITY OF RECORDS

- 11.1 Business Associate shall make its internal practices, books, and records relating to the Use and Disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity available to the Secretary for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations.
- 11.2 Unless prohibited by the Secretary, Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.

12. MITIGATION OF HARMFUL EFFECTS

- 12.1 Business Associate shall mitigate, to the extent practicable, any harmful effect of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Business Associate Agreement that is known to Business Associate.

13. BREACH NOTIFICATION TO INDIVIDUALS

13.1 Business Associate shall, to the extent Covered Entity determines that there has been a Breach of Unsecured Protected Health Information by Business Associate, its employees, representatives, agents or Subcontractors, provide breach notification to the Individual in a manner that permits Covered Entity to comply with its obligations under 45 C.F.R. § 164.404.

13.1.1 Business Associate shall notify, subject to the review and approval of Covered Entity, each Individual whose Unsecured Protected Health Information has been, or is reasonably believed to have been, accessed, acquired, Used, or Disclosed as a result of any such Breach.

13.1.2 The notification provided by Business Associate shall be written in plain language, shall be subject to review and approval by Covered Entity, and shall include, to the extent possible:

- (a) A brief description of what happened, including the date of the Breach and the date of the Discovery of the Breach, if known;
- (b) A description of the types of Unsecured Protected Health Information that were involved in the Breach (such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code, or other types of information were involved);
- (c) Any steps the Individual should take to protect him or herself from potential harm resulting from the Breach;
- (d) A brief description of what Business Associate is doing to investigate the Breach, to mitigate harm to Individual(s), and to protect against any further Breaches; and
- (e) Contact procedures for Individual(s) to ask questions or learn additional information, which shall include a toll-free telephone number, an e-mail address, Web site, or postal address.

13.2 Covered Entity, in its sole discretion, may elect to provide the notification required by Section 13.1 and/or to establish the contact procedures described in Section 13.1.2.

13.3 Business Associate shall reimburse Covered Entity any and all costs incurred by Covered Entity, in complying with Subpart D of 45 C.F.R. Part 164, including but not limited to costs of notification, internet

posting, or media publication, as a result of Business Associate's Breach of Unsecured Protected Health Information; Covered Entity shall not be responsible for any costs incurred by Business Associate in providing the notification required by 13.1 or in establishing the contact procedures required by Section 13.1.2.

14. INDEMNIFICATION

14.1 Business Associate shall indemnify, defend, and hold harmless Covered Entity, its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, expenses (including attorney and expert witness fees), and penalties and/or fines (including regulatory penalties and/or fines), arising from or connected with Business Associate's acts and/or omissions arising from and/or relating to this Business Associate Agreement, including, but not limited to, compliance and/or enforcement actions and/or activities, whether formal or informal, by the Secretary or by the Attorney General of the State of California.

14.2 Section 14.1 is not intended by the parties to limit in any way the scope of Business Associate's obligations related to Insurance and/or Indemnification in the applicable underlying Agreement, Contract, Master Agreement, Work Order, Purchase Order, or other services arrangement, with or without payment, that gives rise to Contractor's status as a Business Associate.

15. OBLIGATIONS OF COVERED ENTITY

15.1 Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the Use or Disclosure of Protected Health Information that would affect Business Associate's performance of the Services, and Business Associate shall thereafter restrict or limit its own Uses and Disclosures accordingly.

15.2 Covered Entity shall not request Business Associate to Use or Disclose Protected Health Information in any manner that would not be permissible under Subpart E of 45 C.F.R. Part 164 if done by Covered Entity, except to the extent that Business Associate may Use or Disclose Protected Health Information as provided in Sections 2.3, 2.5, and 2.6.

16. TERM

16.1 Unless sooner terminated as set forth in Section 17, the term of this Business Associate Agreement shall be the same as the term of the applicable underlying Agreement, Contract, Master Agreement, Work Order, Purchase Order, or other service arrangement, with or without

payment, that gives rise to Contractor's status as a Business Associate.

- 16.2 Notwithstanding Section 16.1, Business Associate's obligations under Sections 11, 14, and 18 shall survive the termination or expiration of this Business Associate Agreement.

17. TERMINATION FOR CAUSE

17.1 In addition to and notwithstanding the termination provisions set forth in the applicable underlying Agreement, Contract, Master Agreement, Work Order, Purchase Order, or other services arrangement, with or without payment, that gives rise to Contractor's status as a Business Associate, if either party determines that the other party has violated a material term of this Business Associate Agreement, and the breaching party has not cured the breach or ended the violation within the time specified by the non-breaching party, which shall be reasonable given the nature of the breach and/or violation, the non-breaching party may terminate this Business Associate Agreement.

17.2 In addition to and notwithstanding the termination provisions set forth in the applicable underlying Agreement, Contract, Master Agreement, Work Order, Purchase Order, or other services arrangement, with or without payment, that gives rise to Contractor's status as a Business Associate, if either party determines that the other party has violated a material term of this Business Associate Agreement, and cure is not feasible, the non-breaching party may terminate this Business Associate Agreement immediately.

18. DISPOSITION OF PROTECTED HEALTH INFORMATION UPON TERMINATION OR EXPIRATION

18.1 Except as provided in Section 18.3, upon termination for any reason or expiration of this Business Associate Agreement, Business Associate shall return or, if agreed to by Covered entity, shall destroy as provided for in Section 18.2, all Protected Health Information received from Covered Entity, or created, maintained, or received by Business Associate on behalf of Covered Entity, that Business Associate, including any Subcontractor, still maintains in any form. Business Associate shall retain no copies of the Protected Health Information.

18.2 Destruction for purposes of Section 18.2 and Section 6.6 shall mean that media on which the Protected Health Information is stored or recorded has been destroyed and/or electronic media have been cleared, purged, or destroyed in accordance with the use of a technology or methodology specified by the Secretary in guidance for

rendering Protected Health Information unusable, unreadable, or indecipherable to unauthorized individuals.

18.3 Notwithstanding Section 18.1, in the event that return or destruction of Protected Health Information is not feasible or Business Associate determines that any such Protected Health Information is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities, Business Associate may retain that Protected Health Information for which destruction or return is infeasible or that Protected Health Information which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities and shall return or destroy all other Protected Health Information.

18.3.1 Business Associate shall extend the protections of this Business Associate Agreement to such Protected Health Information, including continuing to use appropriate safeguards and continuing to comply with Subpart C of 45 C.F.R Part 164 with respect to Electronic Protected Health Information, to prevent the Use or Disclosure of such information other than as provided for in Sections 2.5 and 2.6 for so long as such Protected Health Information is retained, and Business Associate shall not Use or Disclose such Protected Health Information other than for the purposes for which such Protected Health Information was retained.

18.3.2 Business Associate shall return or, if agreed to by Covered entity, destroy the Protected Health Information retained by Business Associate when it is no longer needed by Business Associate for Business Associate's proper management and administration or to carry out its legal responsibilities.

18.4 Business Associate shall ensure that all Protected Health Information created, maintained, or received by Subcontractors is returned or, if agreed to by Covered entity, destroyed as provided for in Section 18.2.

19. AUDIT, INSPECTION, AND EXAMINATION

19.1 Covered Entity reserves the right to conduct a reasonable inspection of the facilities, systems, information systems, books, records, agreements, and policies and procedures relating to the Use or Disclosure of Protected Health Information for the purpose determining whether Business Associate is in compliance with the terms of this Business Associate Agreement and any non-compliance may be a basis for termination of this Business Associate Agreement and the applicable underlying Agreement, Contract, Master Agreement, Work Order, Purchase Order or other services arrangement, with or without

payment, that gives rise to Contractor's status as a Business Associate, as provided for in section 17.

- 19.2 Covered Entity and Business Associate shall mutually agree in advance upon the scope, timing, and location of any such inspection.
- 19.3 At Business Associate's request, and to the extent permitted by law, Covered Entity shall execute a nondisclosure agreement, upon terms and conditions mutually agreed to by the parties.
- 19.4 That Covered Entity inspects, fails to inspect, or has the right to inspect as provided for in Section 19.1 does not relieve Business Associate of its responsibility to comply with this Business Associate Agreement and/or the HIPAA Rules or impose on Covered Entity any responsibility for Business Associate's compliance with any applicable HIPAA Rules.
- 19.5 Covered Entity's failure to detect, its detection but failure to notify Business Associate, or its detection but failure to require remediation by Business Associate of an unsatisfactory practice by Business Associate, shall not constitute acceptance of such practice or a waiver of Covered Entity's enforcement rights under this Business Associate Agreement or the applicable underlying Agreement, Contract, Master Agreement, Work Order, Purchase Order or other services arrangement, with or without payment, that gives rise to Contractor's status as a Business Associate.
- 19.6 Section 19.1 is not intended by the parties to limit in any way the scope of Business Associate's obligations related to Inspection and/or Audit and/or similar review in the applicable underlying Agreement, Contract, Master Agreement, Work Order, Purchase Order, or other services arrangement, with or without payment, that gives rise to Contractor's status as a Business Associate.

20. MISCELLANEOUS PROVISIONS

- 20.1 Disclaimer. Covered Entity makes no warranty or representation that compliance by Business Associate with the terms and conditions of this Business Associate Agreement will be adequate or satisfactory to meet the business needs or legal obligations of Business Associate.
- 20.2 HIPAA Requirements. The Parties agree that the provisions under HIPAA Rules that are required by law to be incorporated into this Amendment are hereby incorporated into this Agreement.
- 20.3 No Third Party Beneficiaries. Nothing in this Business Associate Agreement shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

- 20.4 Construction. In the event that a provision of this Business Associate Agreement is contrary to a provision of the applicable underlying Agreement, Contract, Master Agreement, Work Order, Purchase Order, or other services arrangement, with or without payment, that gives rise to Contractor's status as a Business Associate, the provision of this Business Associate Agreement shall control. Otherwise, this Business Associate Agreement shall be construed under, and in accordance with, the terms of the applicable underlying Agreement, Contract, Master Agreement, Work Order, Purchase Order or other services arrangement, with or without payment, that gives rise to Contractor's status as a Business Associate.
- 20.5 Regulatory References. A reference in this Business Associate Agreement to a section in the HIPAA Rules means the section as in effect or as amended.
- 20.6 Interpretation. Any ambiguity in this Business Associate Agreement shall be resolved in favor of a meaning that permits the parties to comply with the HIPAA Rules.
- 20.7 Amendment. The parties agree to take such action as is necessary to amend this Business Associate Agreement from time to time as is necessary for Covered Entity or Business Associate to comply with the requirements of the HIPAA Rules and any other privacy laws governing Protected Health Information.

SAMPLE WORK ORDER REQUEST

COUNTY OF LOS ANGELES

DEPARTMENT OF AUDITOR-CONTROLLER



John Naimo
AUDITOR-CONTROLLER

(Work Order Request Number and Title)

Work Order Request Issued:	(Date)
Written Questions Due:	(Date)
Mandatory Proposers' Conference:	(Date)
Proposals Due:	(Date)
Beginning Date:	(Date)
Final Report Due Date:	(Date)
Mandatory Completion Date:	(Date)

I. LATE PROPOSALS

Proposals received after the Proposal Due Date will be considered for evaluation solely at the discretion of the County of Los Angeles (County), if they are determined to be in the best interest of the County.

II. MANDATORY PROPOSERS' CONFERENCE

Proposals from firms not represented at the Mandatory Proposers' Conference will be rejected. The Mandatory Proposers' Conference is scheduled for (insert time) at the following location on the date shown on the cover page:

To Be Determined

Firms planning to attend the Proposers' Conference, must RSVP two days in advance to:

contract.audits@auditor.lacounty.gov

Proposals from firms not represented at the Mandatory Proposers' Conference will be rejected.

III. QUESTIONS

Questions must be received no later than **NOON, two days before** the Mandatory Proposers' Conference. They should be emailed to:

contract.audits@auditor.lacounty.gov

The County will reply with an acknowledgement of receipt. The questions will be discussed at the Mandatory Proposers' Conference.

IV. LIST OF ATTACHMENTS

Attachment A: Statement of Work

Attachment B: Schedule of Project Costs

Attachment C: Vendor's Organization Questionnaire/Affidavit and CBE Information

Attachment D: Request for Preference Consideration

Attachment E: Work Experience Summary

Attachment F: (as needed)

Attachment G: Sample Work Order

V. AVAILABILITY OF DOCUMENTS

Arrangements to review copies of the following documents may be made by contacting (County Project Manager) of the (department name) at (phone number). The documents will also be available for a brief review at the Proposers'

Conference.

- Document Title (if applicable)
- Document Title (if applicable)

VI. SERVICES

The County is seeking a Contractor to provide the services described in detail in Attachment A, "Statement of Work." When selected to perform the services, the Contractor and the County will sign the Work Order, which will be substantially the same as the attached "Sample Work Order."

FOR MULTI-YEAR CONTRACTS ONLY

While the descriptions and dates in the attachments relate to the first year only, this Work Order Request is to obtain proposals for three program years. Proposers should assume the subsequent years would be comparable. It is the County's intention to award the Work Order to the selected Contractor for the first year only. By mutual agreement, separate work orders or amendments may be executed for subsequent years.

VII. PROPOSER'S SKILL REQUIREMENTS

FOR STUDIES

The proposal must include personnel, using Subcontractors if needed (joint ventures are not allowed), who collectively possess the academic disciplines and experience to successfully complete this project. Experience with the services described in the Statement of Work is preferred.

FOR MANAGEMENT AUDITS

The proposal must include personnel, who collectively possess the academic disciplines and management audit experience to successfully complete this project in accordance with Generally Accepted Government Auditing Standards.

The proposal must clearly:

- A. Indicate the project team's knowledge, skills, and experience in the areas of management auditing, organizational structure, and statistical analysis. Show, for each of the assigned individuals, the education and previous projects that demonstrate their experience in applying such knowledge in large government organizations.
- B. Indicate the Proposer's experience with Management audits or other experience with large entities, especially with the services described in the Statement of Work is preferred. The County anticipates that some firms may have to subcontract with individuals or firms that specialize in the specific areas of this project to complete their project teams.
- C. Indicate the Proposer's program to ensure continuing education requirements are met, including at least 80 hours every two years, 24 hours of which must directly relate to governmental auditing and 8 hours directly related to fraud.

FOR FINANCIAL AUDITS

The Proposer must be an independent public accounting firm, licensed by the

State of California or have obtained California Practice Privilege from the California Board of Accountancy.

The proposal must clearly:

- A. Include personnel, using Subcontractors if needed (joint ventures are not allowed), who collectively possess the academic disciplines and audit experience to successfully complete this project in accordance with Generally Accepted Government Auditing Standards.
- B. Describe the Proposer's program to ensure continuing education requirements are met, including at least 80 hours every two years, 24 hours of which must directly relate to governmental auditing and 8 hours directly related to fraud.

VIII. PROPOSAL REQUIREMENTS

All proposals must be submitted in the format as described in this Section VIII. At the County's sole option, any nonconformity with this section may result in the proposal being rejected, or may result in a reduction of score in the evaluation process.

- A. A **Cover Page or Letter** that includes:
 - 1. The specific Work Order Request (WOR) by Title and Number.
 - 2. The firm name and address.
 - 3. The name and telephone number of the Contractor Project Administrator who is authorized to represent and bind the firm in contract.
 - 4. A statement whether or not the firm is claiming the Local Small Business Enterprise (LSBE) Preference, as described in Section XIII, of this Work Order Request and the related County Code sections. To claim this preference, the Proposer must be certified by the Department of Consumer and Business Affairs by the "Proposals Due" date for this Work Order Request.
 - 5. A statement whether or not the firm is claiming the Disabled Veteran Business Enterprise (DVBE) Preference, as described in Section XIV. To claim this preference, the proposer must be certified as a DVBE with the State of California or a Service Disabled Veteran Owned Small Business by the Department of Veterans Affairs by the "Proposals Due" date for this Work Order Request.
 - 6. A statement whether or not the firm is claiming the Social Enterprise Preference, as described in Section XV. To claim this preference, the proposer must be certified by the County's Department of Consumer and Business Affairs by the "Proposals Due" date for this Work Order Request.
 - 7. A statement that the Jury Service Program's "Application for Exception and Certification Form," previously submitted to the County, continues to

apply, or a statement that a new Form is being submitted with this Proposal. In addition, a form for each subcontractor must be submitted. The Jury Service Program is discussed Section 8.7 of the Master Agreement, and the form is Appendix A, Exhibit 10 of the Master Agreement RFSQ.

- 8.. A Conflict of Interest Statement clearly indicating whether a potential or real conflict of interest may exist. A conflict of interest may include, but is not limited to:
 - a. The Proposer has contracted with the auditee for other services.
 - b. The Proposer has previously advised the County in the area to be audited.
 - c. A person assigned to the project or their relative(s) may have a personal relationship with the auditee.

To give the County a basis for proper evaluation, all other Proposal Requirements should be followed as if no conflict exists. During selection of the Contractor, the County will address any conflicts of interest. Any proposal submitted with a conflict of interest may, at the sole discretion of the County, be rejected.

9. The name of the person representing the firm at the Mandatory Proposers' Conference.

B. A **Table of Contents**, with all proposal pages numbered.

C. A **Detailed Work Plan** identifying the Proposer's approach/methodology to be used to complete the Work Order project. **Reference to or repetition of the scope, objectives, and requirements from the Work Order Request and Statement of Work does not constitute a "good understanding" of the project and may result in a lowered ranking of the proposal.**

1. The Work Plan should include the basic elements of a project (planning procedures, survey phase, fieldwork, etc.) and indicate flexibility to adjust as the project develops. It should also include the number of hours by person or by position for each of the basic elements in the Work Plan.
2. The Work Plan should be sufficiently detailed to allow the County to determine the appropriateness of the proposed procedures and techniques to be used to research and document findings and to control the project and that the Proposer has a good understanding of the project scope, objectives, and deliverable requirements.
3. The Work Plan should be complete, yet concise. Supplementary procedures, methods, explanations, and descriptions will assist the County in the evaluation of the proposal.

D. A **Timetable or Chart** for completing the project, including dates for each

of the following:

- Start of the project
- Planning
- Entrance Conference
- Project survey (for Studies and Management Audits only)
- Delivery of a detailed work schedule
- Fieldwork (both beginning and ending dates)
- Progress reports
- Delivery of the draft report
- Exit Conference
- Delivery of the final report

The proposal's specified dates should assume that the project start date is the "Beginning Date" shown on the first page of this work order request.

E. A **Personnel Section** including:

1. A list/chart specifically identifying the Contractor Project Administrator, Project Manager, supervisory personnel, and other key individuals.
2. A Work Experience Summary (WES) and a résumé for each key individual identified above, including brief descriptions of projects that show the individual's experiences that satisfy Section VII, "Proposer's Skill Requirements." The required format is shown in Attachment E, "Work Experience Summary."
3. A description of the minimum qualifications for other professional staff that will be working on the project.
4. If subcontracted personnel are being proposed, the personnel should be specifically identified and included in the information requested above.

F. **Proposer's Experience/Capability Section**, including:

1. A list of all contracts with the County within the prior three years; please include the following information for each contract:
 - County Department
 - Project/Objective
 - Amount of Contract
 - Dates
 - Contact Person and Telephone Number
2. A list of all contracts within the prior three years that were cancelled or otherwise terminated prior to completion, or a declaration that none were

cancelled or otherwise terminated prior to completion.

3. An explanation, **not merely a statement**, of the Proposer's ability to provide alternative or additional personnel (managers, supervisors, staff, etc.) should such actions become necessary to complete the project in a timely manner.

G. A **Proposed Cost Schedule** (for single year projects)

1. The schedule should list for each person (including subcontracted personnel):
 - Job classification
 - Hourly rate
 - Number of hours
 - Total labor cost for each person
2. Additionally, the schedule should list any other expenses to be billed (parking, mileage, etc.) to arrive at the maximum total cost to complete the project. The required format is shown in Attachment B, "Proposed Cost Schedule."
3. Proposals that do not clearly indicate a Maximum Total Cost to complete the project may, at the discretion of the County, be rejected.

OR

G. A **Proposed Cost Schedule** (for multi-year projects)

The proposal shall set forth hourly rates and other expenses for each project year.

1. The schedule should list for each person (including subcontracted personnel):
 - Job classification
 - Hourly rate
 - Number of hours
 - Total labor cost for each person
2. Additionally, the schedule should list any other expenses to be billed (parking, mileage, etc.) to arrive at the Maximum Total Cost to complete the project for each of the three project years. The required format is shown in the (WOR) Attachment B, "Proposed Cost Schedule."
3. For proposal purposes, for future years, Proposers should assume the same scope of work. If there is a change in the scope of work, the County and Contractor may negotiate a change in the Contractor's Maximum Total Cost for that year.
4. Proposals that do not clearly indicate separate Maximum Total Cost to

complete the project for each of the three project years may, at the discretion of the County, be rejected.

5. Although we will entertain all proposals, the Proposers should consider that (*only one of the below*)

the annual budget for this project is \$_____.

the previous Contractor was paid \$_____ to complete the project for the previous year, with approximately the same scope of work.

the project should not exceed _____ hours to complete.

6. The Contractor may propose increased total project costs for the second year and third project years. However, the contract (hourly, daily, monthly, etc.) amount may be adjusted annually based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the contract anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the Chief Executive Office as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries; no cost of living adjustments will be granted. Where the County decides to grant a Cost of Living Adjustment (COLA) pursuant to this paragraph for living wage contracts, it may, in its sole discretion exclude the cost of labor (including the cost of wages and benefits paid to employees providing services under this contract) from the base upon which a COLA is calculated, unless the Contractor can show that his/her labor cost will actually increase.

IX. PROPOSAL SUBMISSION

The proposal must be prepared in the prescribed format, in an Adobe Portable Document File (PDF) format, with no security provisions, with the subject line of: "Firm Name - Proposal for Work Order Request No, ____" and submitted via email to:

Ms. Lisa Cañada
Administrative Deputy, Auditor-Controller
500 West Temple Street, Room 410
Los Angeles, CA 90012

Attention: *Analyst's Name*

contract.audits@auditor.lacounty.gov

Additionally, send one hard copy of the proposal to the above address. This copy does not have to arrive by the proposal due date.

Proposals not prepared and submitted according to the specifications set down in this Work Order Request may, at the sole discretion of the County Contract Manager, be rejected without further consideration or if not rejected, may result in a lowered ranking of the proposal.

X. SELECTION CRITERIA

Proposals will be evaluated on one or more of the following criteria:

- (% amount) The thoroughness, appropriateness, and innovativeness of the audit approach in the work plan.
- (% amount) The experience of the staff to be assigned to the project.
- (% amount) The estimated hours and time period for completion.
- (% amount) The cost of performing the audit.

XI. CONTACT WITH COUNTY PERSONNEL

As of the issuance date of this Work Order Request and continuing until the final date for submission of proposals, except as described above, all of the County's personnel are specifically directed against holding any meetings, conferences, telephone conversations, or technical discussions with any potential Proposer regarding the Work Order Request, except as specified in Section III, "Questions." At the County's sole discretion, any violation to this Section XI may result in the rejection of the Proposer's proposal and may be considered a material breach of the Master Agreement.

XII. GRATUITIES

- A. It is improper for any County officer, employee or agent to solicit consideration, in any form, from a Proposer with the implication, suggestion, or statement that the Proposer's provision of the consideration may secure more favorable treatment for the Proposer in the award of the contract or that the Proposer's failure to provide such consideration may negatively affect the County's consideration of the Proposer's submission.
- B. A Proposer shall not offer or give, either directly or through an intermediary, consideration, in any form, to a County officer, employee, or agent for the purpose of securing favorable treatment with respect to the award of the contract. Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.
- C. A Proposer shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made to the Los Angeles County Fraud Hotline at 800-544-6861. Failure to report such a solicitation may result in the Proposer's submission being eliminated from consideration.

XIII. LOCAL SMALL BUSINESS ENTERPRISE PREFERENCE PROGRAM

- A. The County will give LSBE preference to businesses that meet the definition of a LSBE, consistent with Chapter 2.204.030C.1 of the Los Angeles County Code. An LSBE is defined as a business: 1) certified by the State of California as a small business and has had its principal place of business located in Los Angeles County for at least one year; or 2) certified as a small business enterprise with other certifying agencies pursuant to the Department of Consumer and Business Affairs' (DCBA) inclusion policy that: a) has its principal place of business located in Los Angeles County, and b) has revenues and employee sizes that meet the State's Department of General Services requirements. The business must be certified by the Department of Consumer and Business Affairs as meeting the requirements set forth above prior to requesting the LSBE Preference in a solicitation.
- B. To apply for certification as an LSBE, businesses should contact the Department of Consumer and Business Affairs at

<http://dcba.lacounty.gov>

- C. Certified Local SBEs may only request the preference in each of their Work Order solicitation responses and may not request the preference unless the certification process has been completed and certification is affirmed. Businesses must complete and submit the Request for Preference Program Consideration with each Work Order solicitation response and submit a letter of certification from the DCBA with their solicitation.
- D. Information about the State's small business enterprise certification regulations is in the California Code of Regulations, Title 2, Subchapter 8, Section 1896 et seq., and is also available on the California Department of General Services Office of Small Business Certification and Resources Web site at

<http://www.pd.dgs.ca.gov/smbus/default>

XIV. DISABLED VETERAN BUSINESS ENTERPRISE (DVBE) PREFERENCE PROGRAM

- A. The County will give preference during the solicitation process to businesses that meet the definition of a DVBE, consistent with Chapter 2.211 of the Los Angeles County Code.

A DVBE vendor is defined as:

- 1) A business which is certified by the State of California as a DVBE; or
- 2) A business which is verified as a service-disabled veteran-owned small business (SDVOSB) by the Veterans Administration.

- 3) A business certified as DVBE with other certifying agencies pursuant to the Department of Consumer and Business Affairs' (DCBA) inclusion policy that meets the criteria set forth by the agencies in 1 and 2 above.
- B. The DCBA shall certify that a DVBE is currently certified by the State of California, by the U.S. Department of Veteran Affairs, or is determined by the DCBA' inclusion policy that meets the criteria set forth by the agencies in A.1 or A.2 above.
 - C. Certified DVBEs may only request the preference in each of their Work Order solicitation responses and may not request the preference unless the certification process has been completed and certification is affirmed. Businesses must complete and submit the Request for Preference Program Consideration with each Work Order solicitation response and submit a letter of certification from the DCBA with their solicitation.
 - D. Information about the State's DVBE certification regulations is found in the California Code of Regulations, Title 2, Subchapter 8, Section 1896 et seq., and is also available on the California Department of General Services Office of Disabled Veteran Business Certification and Resources Website at:

<http://www.dgs.ca.gov/pd/Home.aspx>
 - E. Information on the Department of Veteran Affairs SDVOSB certification regulations is found in the Code of Federal Regulations, 38CFR 74 and is also available on the Department of Veterans Affairs Website at:

<http://www.vetbiz.gov/sfd>

XV. SOCIAL ENTERPRISE (SE) PREFERENCE PROGRAM

- A. The County will give preference during the solicitation process to businesses that meet the definition of a SE, consistent with Chapter 2.205 of the Los Angeles County Code. A SE is defined as: 1) A business that qualifies as a SE and has been in operation for at least one year (1) providing transitional or permanent employment to a Transitional Workforce or providing social, environmental and/or human justice services; and 2) A business certified by the Department of Consumer and Business Affairs (DCBA) as a SE.
- B. The DCBA shall certify that a SE meets the criteria set forth in Item XV.A.
- C. Certified SEs may only request the preference in each of their Work Order solicitation responses and may not request the preference unless the certification process has been completed and certification is affirmed. Businesses must complete and submit the Request for Preference Program Consideration with each Work Order response and submit a letter of certification from the DCBA with their solicitation.

Further information on SEs is also available on the DCBA's website at

<http://dcba.lacounty.gov>

XVI. JURY SERVICE PROGRAM

- A. The prospective Work Order is subject to the requirements of the County's Contractor Employee Jury Service Ordinance ("Jury Service Program") (Los Angeles County Code, Chapter 2.203). Vendors should carefully read the Jury Service Program, and the pertinent jury service provisions of the Master Agreement. The Jury Service Program applies to both contractors and their subcontractors. Proposals that fail to comply with the requirements of the Jury Service Program will be considered non-responsive and excluded from further consideration.
- B. The Jury Service Program requires contractors and their subcontractors to have and adhere to a written policy that provides that its employees shall receive from the contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with the contractor or that the contractor deduct from the employee's regular pay the fees received for jury service. For purposes of the Jury Service Program, "employee" means any California resident who is a full-time employee of a contractor and "full time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) the contractor has a long-standing practice that defines the lesser number of hours as full time. Therefore, the Jury Service Program applies to all of a contractor's full-time California employees, even those not working specifically on the County project. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program.
- C. There are two ways in which a contractor might not be subject to the Jury Service Program. The first is if the contractor does not fall within the Jury Service Program's definition of "contractor." The Jury Service Program defines "contractor" to mean a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. The second is if the contractor meets one of the two exceptions to the Jury Service Program. The first exception concerns small businesses and applies to contractors that have: 1) ten or fewer employees; and, 2) annual gross revenues in the preceding twelve months which, if added to the annual amount of this work order is less than \$500,000; and 3) is not an "affiliate or subsidiary of a business dominant in its field of operation." The second exception applies to contractors that possess a collective bargaining agreement that expressly supersedes the provisions of

the Jury Service Program. The contractor is subject to any provision of the Jury Service Program not expressly superseded by the collective bargaining agreement.

- D. If a contractor does not fall within the Jury Service Program's definition of "contractor" or if it meets any of the exceptions to the Jury Service Program, then the contractor must have previously submitted the Certification Form and Application for Exception (Jury Form) to the County Contract Manager, and included a statement in its proposal that the exception still applies, or submit an updated Jury Form with the proposal including all necessary documentation to support the claim such as tax returns or a collective bargaining agreement, if applicable. Upon reviewing the contractor's application, the County will determine, in its sole discretion, whether the contractor falls within the definition of Contractor or meets any of the exceptions to the Jury Service Program. The County's decision will be final.

XVII. PROHIBITION OF RETROACTIVE CONTRACTS AND COST OVERRUNS

County departments are responsible for ensuring that there are no retroactive agreements. This means that the selected Contractor will not be compensated for work performed prior to the issuance or commencement of the term of the Work Order. In no event shall Contractor be entitled to compensation exceeding the total authorized amount unless the County Contract Administrator amends the Work Order in writing.

XVIII. PROPOSER'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO ZERO TOLERANCE HUMAN TRAFFICKING

On October 4, 2016, the Los Angeles County Board of Supervisors approved a motion taking significant steps to protect victims of human trafficking by establishing a zero tolerance human trafficking policy. The policy prohibits contractors engaged in human trafficking from receiving contract awards or performing services under a County contract. Contractors are required to be in full compliance with the County's Zero Tolerance Human Trafficking provision as defined in Section 8.54, "Compliance with County's Zero Tolerance Human Trafficking Policy," of the Master Agreement. Further, contractors are required to comply with the requirements under said provision for the term of any contract awarded pursuant to this solicitation.

XIX. CONTRACTOR PROTECTION OF ELECTRONIC COUNTY INFORMATION

The Contractor must certify its compliance with County Board of Supervisors Policy 5.200 (Policy 5.200) prior to being awarded a work order with the County under this Master Agreement. Contractor shall complete and sign the certification form found in RFSQ's Appendix A Required Form – Exhibit 14, "Certification of Compliance with the Contractor Protection of Electronic County Information."

The Contractor shall maintain compliance with Policy 5.200 as referenced in Sample Master Agreement, Section 8.4, "Compliance with Contractor Protection of Electronic County Information" during the term of this Master Agreement (and any renewals) for as long as the Contractor maintains or is in possession of County Personal Information, Protected Health Information, and/or Medical Information. In addition to the foregoing certification, the Contractor shall maintain any validation/attestation reports that the data encryption product generates and such reports shall be subject to audit upon County's request. If the Contractor is found to be non-compliant with Policy 5.200, the Contractor must develop a corrective action plan (CAP) and submit it to the County for review and approval. Upon County's approval, the Contractor must execute the CAP. Any failure by the Contractor to comply with Policy 5.200 may be subject to suspension or termination of Master Agreement and any work orders, denial of access to County IT resources, and/or other actions as deemed appropriate by the County."

SAMPLE WORK ORDER

COUNTY OF LOS ANGELES

DEPARTMENT OF AUDITOR-CONTROLLER



John Naimo
AUDITOR-CONTROLLER

(Work Order Number and Title)

Beginning Date: (Date)

Report Due Date: (Date)

Mandatory Due Date: (Date)

Project Title (Work Order Title and Number)

Project Dates

See the project dates on first page of this work order.

Master Agreement No. _____

Agreement entered into by and between the County of Los Angeles (hereafter referred to as "County") and **FIRM** (hereafter referred to as "Contractor") for Contract Services.

I. KEY PERSONNEL

County Contract Administrator: Mr. John Naimo
Auditor-Controller
500 West Temple Street, Room 525
Los Angeles, CA 90012-2766

County Contract Manager: Dr. Peter Hughes
Assistant Auditor-Controller
500 West Temple Street, Room 525
Los Angeles, CA 90012-2766

County Project Manager: *NAME_ADDRESSPHONEEMAIL ADDRESS*

Contractor Project Administrator: *NAME_FIRMFIRMNAME_ADDRESSPHONEEMAIL ADDRESS*

Contractor Project Manager: *NAME_FIRMFIRMNAME_ADDRESSPHONEEMAIL ADDRESS*

II. APPLICABLE DOCUMENTS

ALL TERMS OF THE MASTER AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT. The Master Agreement, the Master Agreement Exhibits, the body of this Work Order, its attached documents (Work Order Attachments), and the Contractor's proposal dated DATE, which is incorporated herein by reference, shall constitute the complete and exclusive statement of understanding between the parties, which supersedes all previous agreements, written or oral, and all communications between the parties relating to the subject matter of this Work Order.

III. INTERPRETATION

In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, service, or other work, between the documents, such conflict or inconsistency shall be resolved by giving precedence to the documents in the order they are listed in Section II, "Applicable Documents."

IV. SERVICES

The Contractor shall perform the Contract Services detailed in Attachment A, "Statement of Work" and further detailed in the Contractor's proposal.

V. PERSONNEL

The Contractor shall provide the personnel in the specified job classifications at the specified hourly rates in Attachment B, "Schedule of Project Costs." The Contractor shall not add or replace specified personnel without the prior written permission of the County Project Manager.

VI. MAXIMUM TOTAL COST AND PAYMENT

- A. The Maximum Total Cost that the County will pay the Contractor for all Contract Services to be provided under this Work Order shall not exceed **AMOUNT IN WORDS** and No/100 Dollars (\$ **AMOUNT IN NUMERALS .00**).
- B. The Contractor shall invoice the County monthly in arrears for Contract Services rendered. The Contractor shall invoice the County for work performed at the hourly rates set forth in the "Schedule of Project Costs." The invoice must reflect the following information:
 1. The Master Agreement No. and the Work Order No. under which the work was performed
 2. A unique invoice number
 3. Beginning and ending dates of the invoice period
 4. For each person working on the Work Order, including subcontracted personnel:
 - Name
 - Job Classification
 - Hourly rate
 - Hours billed in the invoice period
 - Dollar amount billed in the invoice period
 5. Total number of hours billed in the invoice period
 6. An itemized listing of additional amounts billed
 7. Gross dollar amount billed in the invoice period
 8. A (amount) percent reduction of the gross dollar amount billed
 9. Dollar amount due
- C. If the Contractor finds that less than the quoted **NUMBER** hours are required to complete this project, the Contractor shall invoice the County the actual (lesser) number of hours.
- D. If more than the quoted **NUMBER** hours are required, the Contractor agrees to provide the staff and hours necessary to complete this project in

accordance with Section IV, with no increase in the Maximum Total Cost for this Work Order.

- E. All invoices submitted by the Contractor for payment shall be submitted for approval to the County Project Manager, and the Contractor will be paid only for those tasks, deliverables, services, and other work so approved in this Work Order (Section IV).
- F. Approximately 30 days following receipt of a complete and correct invoice, and with acceptable progress on the Work Order, the County will pay a progress payment based on the invoice amount, less a withholding of approximately 10% of each invoice or an amount to ensure that the minimum withholding is the last \$5,000.00.

OR

- G. Approximately 30 days following receipt of a complete and correct invoice and with acceptable progress on the Work Order, the County Project Manager or designee will approve the invoice, and provided the Maximum Total Cost for this Work Order is not exceeded, the County will pay the invoice amount up to an amount based on the acceptable work completed. The following table indicates the maximum percentage of the Maximum Total Cost that will be paid upon the acceptance of the various deliverables.

Deliverable Percentage

Detailed Work Schedule (approx 10%)
Draft Audit Reports (approx 50%)
Final Audit Reports (approx 30%)
Receipt of all Deliverables, including
a Management Letter, if any (approx 10%)

Total 100%

- H. After all deliverable items identified in Attachment A, "Statement of Work," are received and are acceptable, the County will pay the remaining balances of the invoices up to the Maximum Total Cost of this Work Order.

OR

- I. If all deliverable items identified in Attachment A, "Statement of Work," are acceptable and received prior to the Mandatory Completion Date, the County will pay the remaining balances of the invoices up to the Maximum Total Cost of this Work Order.
- J. If all deliverable items identified in Attachment A, "Statement of Work," are received and approved, but some are received after the Mandatory Completion Date, the County Contract Manager, at his/her sole discretion, may pay none or a portion of the remaining balances of the invoices, up to the Maximum Total Cost of this Work Order. The Contractor will not be held responsible for delays that are not under its control, as determined by the County Contract Manager at his/her sole discretion.

- K. All invoices for this Work Order must be mailed within two weeks following the invoice period to:

Ms. Lisa Cañada
Administrative Deputy, Auditor-Controller
500 West Temple Street, Room 410
Los Angeles, CA 90012

Attention: *Analyst's Name*

VII. CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW

The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its subcontractors, if any, to post this poster in a prominent position in the subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used. Information on how to receive the poster can be found on the internet at www.babysafela.org.

VIII. DAMAGE TO COUNTY FACILITIES, BUILDINGS OR GROUNDS

- A. The Contractor shall repair, or cause to be repaired, at its own cost, any and all damage to County facilities, buildings, or grounds caused by the Contractor or employees or agents of Contractor. Such repairs shall be made immediately after the Contractor has become aware of such damage, but in no event later than thirty (30) days after the occurrence.
- B. If the Contractor fails to make timely repairs, the County may make any necessary repairs. All costs incurred by the County, as determined by the County, for such repairs shall be repaid by the Contractor by cash payment upon demand.

IX. FACSIMILE REPRESENTATIONS

The County and the Contractor agree to regard facsimile representations of original signatures of authorized officers of each party, when appearing in appropriate places on the Work Order or amendments, and received via electronic communications facilities, as legally sufficient evidence that original signatures have been affixed to the Work Order documents, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of the documents.

X. TERMINATION FOR INSOLVENCY

- A. The County may terminate this Work Order and the Master Agreement forthwith in the event of the occurrence of any of the following:

1. Insolvency of the Contractor. The Contractor shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the Contractor is insolvent within the meaning of the Federal Bankruptcy Code;
 2. The filing of a voluntary or involuntary petition regarding the Contractor under the Federal Bankruptcy Code;
 3. The appointment of a Receiver or Trustee for the Contractor; or
 4. The execution by the Contractor of a general assignment for the benefit of creditors.
- B. The rights and remedies of the County provided in this Section X, shall not be exclusive and are in addition to any other rights and remedies provided by law or under the Master Agreement.

XI. FAIR LABOR STANDARDS ACT

The Contractor shall comply with all applicable provisions of the Federal Fair Labor Standards Act and shall indemnify, defend, and hold harmless the County and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by the Contractor's employees for which the County may be found jointly or solely liable.

XII. BACKGROUND AND SECURITY INVESTIGATIONS

- A. At any time prior to or during the term of this Work Order, the County may require that all Contractor's staff performing work under this Work Order undergo and pass, to the satisfaction of the County, a background investigation as a condition of beginning and continuing to work under this Work Order. The County shall use its discretion in determining the method of background clearance to be used including, but not limited to, a County performed fingerprint security clearance. The fees associated with obtaining the background information shall be at the expense of the Contractor, regardless if the Contractor's staff passes or fails the background clearance investigation.
- B. If the Contractor's staff does not pass the background clearance investigation, the County may request that the Contractor's staff be immediately removed from working on the County Master Agreement at any time during the term of the Work Order. The County will not provide to the Contractor or to the Contractor's staff any information obtained through the County's background clearance investigation.
- C. The County, in its sole discretion, may immediately deny or terminate facility access to the Contractor's staff that do not pass such investigation(s) to the

satisfaction of the County or whose background or conduct is incompatible with having County facility access.

- D. Disqualification, if any, of the Contractor's staff, pursuant to this Section XII, shall not relieve the Contractor of its obligation to complete all work in accordance with the terms and conditions of this Work Order.

XIII. CONFLICT OF INTEREST

- A. No County employee whose position with the County enables such employee to influence the award of this Work Order or any competing Work Order, and no spouse or economic dependent of such employee, shall be employed in any capacity by the Contractor or have any other direct or indirect financial interest in this Work Order. No officer or employee of the Contractor who may financially benefit from the performance of work hereunder shall in any way participate in the County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.
- B. The Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Work Order. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to the County. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this Section XIII, shall be a material breach of the Master Agreement.

XIV. NO PAYMENT FOR SERVICES PROVIDED FOLLOWING WORK ORDER EXPIRATION/TERMINATION

The Contractor shall have no claim against the County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by the Contractor after the expiration or other termination of this Work Order. Should the Contractor receive any such payment, it shall immediately notify the County and shall immediately repay all such funds to the County.

Payment by the County for services rendered after expiration/termination of this Work Order shall not constitute a waiver of the County's right to recover such payment from the Contractor. This provision shall survive expiration or other termination of this Work Order.

Any Master Agreement firm that performs work for County departments, special districts, agencies, etc., without a contract with the Department of the Auditor-Controller, will be adversely affected during the scoring of future proposals and such actions could result in debarment. Also, as discussed above, the County is under no obligation to pay for services performed without a

contract. Therefore, please ensure that your firm does not enter into any retroactive contracts.

XV. CONTRACTOR'S ACKNOWLEDGMENT AND ADHERENCE TO THE BOARD OF SUPERVISORS' INFORMATION TECHNOLOGY SECURITY POLICIES

Both the County of Los Angeles and its contractors rely upon information technology (IT) resources to work efficiently. The benefits of IT resources demand proper security practices. The Board of Supervisors has adopted, in the Board of Supervisors Policy Manual, certain IT security policies, including, without limitation, Policies 6.100 through 6.111. County contractors are subject to, and must comply with, these policies to the extent their provisions reasonably relate to Contractor's performance of a Work Order.

All reports required by Policy 6.109 "Security Incident Reporting" must be made by contractor to the Departmental Information Security Officer (DISO) for the department(s) for which the Work Order is issued.

The Board of Supervisors' Policy Manual is available online at:

<http://countypolicy.co.la.ca.us>

XVI. COMPLIANCE WITH COUNTY'S ZERO TOLERANCE HUMAN TRAFFICKING

Contractor acknowledges that the County has established a Zero Tolerance Human Trafficking Policy prohibiting contractors from engaging in human trafficking. If a Contractor or member of Contractor's staff is convicted of a human trafficking offense, the County shall require that the Contractor or member of Contractor's staff be removed immediately from performing services under the Contract. County will not be under any obligation to disclose confidential information regarding the offenses other than those required by law.

Disqualification of any member of Contractor's staff pursuant to this paragraph shall not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Contract.

XVII. MANDATORY COMPLETION DATE

The Contractor shall provide all deliverables no later than the Mandatory Completion Date. The Contractor shall ensure all Contract Services have been performed by such date.

XVIII. SIGNATURES

CONTRACTOR
Name of Firm

COUNTY OF LOS ANGELES
Department of Auditor-Controller

By: _____

Name: _____

Title: _____

Date: _____

By: _____

John Naimo
Auditor-Controller

Date: _____

SAMPLE STATEMENT OF WORK

Project Title

(Work Order Request Number and Title)

I. BACKGROUND

(This section is to contain information useful for the Contractor to prepare the original proposal and to perform the preliminary planning for the project, by briefly describing the auditee's/program's: mission, history, structure, workload, number and location of facilities and employees, dollar amounts of assets (e.g., cash, revenue, equipment), etc. The purpose of this information is to help the Contractor put the project into context - historical, organizational, budgetary, and political.)

(This section is to also indicate the level of visibility of the project [i.e., will the Board of Supervisors, the media, other governmental entities, the public, etc., be focusing on the project?] so that the Contractor will have a basis for the levels of oversight during the audit, scrutiny of the recommendations, and follow-up after the report. Also indicate the timing for releasing the final report if regulatory deadlines must be met or if legislation must be initiated to implement recommendations.)

II. SCOPE

(This section is to contain a general overall description, including the type of audit/project, the period to be reviewed, legal requirements to be followed, etc.)

In addition, the Contractor may be asked to perform other financial and compliance audits of_____. If this need arises, such additional audits will be negotiated as separate amendment(s) to the Work Order, pursuant to Master Agreement subsection 8.1.5 and the hourly billing rates used in this Work Order.

III. OBJECTIVES

A. The Contractor will perform/examine/review...specific objectives (including procedures) required for the project, including management letter requirements*

IV. FRAUD REPORTING

At any time during the project, if the Contractor suspects fraud, employee misconduct or any other significant finding, the Contractor shall immediately notify the Los Angeles County Fraud Hotline at <http://www.lacountyfraud.org/> or (800) 544-6861 and the County Contract Manager without contacting the auditee.

V. FIELDWORK DELIVERABLES

- A. An Entrance Conference shall be held with the County no later than one week after the Beginning Date of the Work Order.
- B. A work schedule identifying the on-site review dates for each Service Provider shall be due no later than two weeks after the Entrance Conference is held.
- C. Monthly written progress reports shall be submitted to the County Project Manager for the duration of the project. Each report shall be submitted on the third workday of the following month. The County Project Manager shall monitor the progress reports to ensure successful completion of the Work Order within the schedule. The reports shall contain the following information:
 - 1. Overview of the reporting period
 - 2. Summary of project status as of the reporting date
 - 3. Tasks, deliverables, services, and other work scheduled for the reporting period that were completed
 - 4. Tasks, deliverables, services, and other work scheduled for the reporting period that were not completed
 - 5. Tasks, deliverables, services, and other work completed in the reporting period that were not scheduled
 - 6. Tasks, deliverables, services, and other work to be completed in the next reporting period
 - 7. Issues to be resolved
 - 8. Issues resolved
 - 9. Any difficulties encountered by the Contractor that could jeopardize the completion of the Work Order or milestones or deliverables within the schedule
 - 10. Updated work schedule
 - 11. Statement whether 75% of the Work Order Maximum Total Cost has been incurred.
 - 12. Any other information that the County may require from time-to-time
- D. Oral briefings between the Contractor and the County Project Manager to discuss the monitoring findings will be scheduled monthly on a date midway between the written progress reports. Additional oral briefings will be held, as requested by either party.
- E. The Contractor shall properly document the reviews in workpapers. The workpapers shall be made available to County representatives upon request.

VI. REPORT DELIVERABLES

FINANCIAL/COMPLIANCE AUDIT

- A. NUMBER copies of the draft report shall be submitted to the County Project Manager by (date). An Exit Conference will be scheduled within *enter time frame* of the date of the draft report.
- B. A final report will be submitted to the County Project Manager following the County's response to the draft report. Subsequently, the report will be transmitted to the County Board of Supervisors.

NUMBER copies of the final report, a reproducible master of all materials, and a disk copy of the report in an Adobe Portable Document File (PDF) format, with no security provisions, shall be delivered to the County Contract Manager at the completion of the project. The final report shall include:

Financial/Compliance Audit

1. Report on Examination of Financial Statements

The report shall:

- a. Set forth the scope of the examination, state that the audit was made in accordance with Government Auditing Standards, issued by the Government Accountability Office, as it pertains to financial and compliance audits and give an opinion on the financial statements.
- b. Include the financial statements customarily associated with such reports.
- c. Include such explanatory footnotes as considered necessary to disclose all material items.

2. Report on Compliance

The Contractor must report on the tests of compliance with applicable laws and regulations. The report shall contain:

- a. A statement of positive assurance on those items which were tested for compliance.
- b. A statement of negative assurance on those items not tested for compliance.
- c. A summary of all material instances of noncompliance and all instances or indications of illegal acts which could result in criminal prosecution.
- d. A summary of all costs questioned, if any, as a result of noncompliance.
- e. Recommendations for correcting instances of non-compliance.

3. **Report on Internal Controls**

The Contractor must report on the understanding of the entity's internal control structure and the assessment of control risk made as part of the financial/compliance audit. The report shall include:

- a. The scope of the Contractor's work in obtaining an understanding of the internal control structure and in assessing the control risk.
- b. The entity's significant internal controls or control structure including the controls established to ensure compliance with laws and regulations that have a material impact on the financial statements and results of the financial/compliance audit.
- c. The reportable conditions, including the identification of material weaknesses, identified as a result of the auditors' work in understanding and assessing the control risk.
- d. Any conditions noted, which are contrary to the program guidelines and grant award.
- e. Any findings and recommendations for correcting any deficiencies and/or weaknesses disclosed in the report on internal controls.

4. **Management Letter** (if applicable)

The Contractor shall submit a final Management Letter and # copies. The Contractor shall identify any problems noted. The Management Letter should include specific recommendations for improvements in the problem areas noted, and the auditee's responses to the recommendations. In addition, the Contractor should note in the Letter any procedures, controls, etc., that result in superior performance by the auditee.

MANAGEMENT AUDIT

- A. The Contractor shall submit drafts of interim reports to the County Project Manager, if significant matters arise during the audit which require immediate attention by the County. The Contractor shall finalize interim reports as directed by the County Project Manager.
- B. NUMBER copies of the draft final report shall be submitted to the County Project Manager by (date). The issues addressed in any interim reports must also be included. An Exit Conference will be scheduled with the County Project Manager and the *Department name* within two weeks of the date of the draft report.
- C. A final report shall be submitted to the County Project Manager ten days after the County's response to the draft report. NUMBER bound two-sided copies of the final report, a reproducible master of all materials, and a disk copy of the report in an Adobe Portable Document File (PDF) format, with no security provisions, shall be delivered with the final report to the County

Project Manager at the completion of the project.

- D. The final report shall be addressed to the Auditor-Controller, County of Los Angeles, who will be responsible for distribution of the report to the appropriate parties. The report shall be written in a narrative style, be improvement oriented and not problem oriented, and shall include:
1. The audit scope, objectives, and methodology, with appropriate statements of any limitations or impairments.
 2. A statement that the audit was performed in accordance with generally accepted government auditing standards, and any deviations described.
 3. The Contractor's findings, with applicable recommendations, addressing non-compliance issues, problem areas, operational improvements, management control weaknesses, etc. If the Contractor recommends increases in resources (e.g., staffing, technology, etc.), the Contractor must include performance measures and other information necessary to justify the recommendation.

The recommendations should be:

- a. Based upon an appropriate description of the related criteria, condition, cause and effect,
 - b. Classified according to order of priority for implementation,
 - c. Numbered to facilitate follow-up discussions.
4. The response to the report of the auditee's managers, including implementation plans.
 5. Significant issues needing further audit work.

VII. SUBMISSION OF DELIVERABLES

All deliverables should be mailed or delivered to:

To Be Determined

PROPOSAL AND REPORT WRITING EXPECTATIONS

I. PROPOSAL AND AUDIT REPORT QUALITY

The quality of a proposal and an audit report, like most products, can be measured. It is generally accepted that good proposals and audit reports must be accurate, clear, concise, timely, and have the proper tone. This Exhibit L provides the Auditor-Controller's guidelines for effective writing.

A. ACCURACY

Proposals and audit reports must be completely factual. All statements, figures and references must be based on the hard evidence or at least the best evidence available. All inferences, conclusions, or auditor opinions that are not totally supported by hard evidence (but made on the best evidence available) must be so identified as such. Management must be able to identify those statements that are not (cannot) be supported by hard facts, so that they may draw their own conclusions. It is the auditor's job to persuade management to draw the same conclusions as the auditors, based on the evidence available.

Proposals and reports must also be precise. Imprecise words will only add confusion to the documents. For example, instead of "Only a few billings were processed on time," the auditor should identify specifically that "Of the 50 billings examined, 30 were processed three to six days late and 12 were processed seven to 20 days late." This will allow management to evaluate the seriousness of the problem in concrete terms.

B. CLARITY

Clarity means ensuring that the reader(s) gets out of the documents (interprets) exactly what the writer had in mind when the report was written. To achieve clarity, the writer must know the reader(s). He/she must know the background of the reader(s) to know how much background information and detail must be included in the report to ensure that the reader(s) will be able to clearly grasp what the writer is saying. The documents must be written in a format and language that the reader(s) understands.

C. CONCISENESS

Conciseness means eliminating unnecessary words and including only as much as is necessary to get the point across. However, it does not necessarily follow that a document must be short. Occasionally, a great deal of background information and detailed discussion is necessary to give the reader a clear picture of a problem or to be persuasive in recommending the solution.

D. TIMELINESS

The documents must be timely. An audit report is a request for action by

management to correct weaknesses noted in current conditions. If the report is not timely, conditions may change making the report meaningless.

For audits expected to take an extended period of time, it may be beneficial to issue interim progress reports, particularly in situations where immediate action by management is needed. Interim progress reports may be brief, covering only one or two areas. Progress reports should be labeled as such to ensure that management is aware that they are only progress reports and not the final report.

E. TONE

To increase the chances for management's acceptance, the report must have the proper tone. The report should be constructive, placing emphasis on needed improvements and not on criticisms of past performances. The report should not concern itself with immaterial matters, and it should not identify individuals or highlight the mistakes of individuals.

II. ATTRIBUTES OF A WELL WRITTEN AUDIT FINDING

There are five basic attributes which are generally considered a necessary part of a well written audit finding: condition (what is happening), criteria (what should be happening), effect (so what), cause (why is it happening), and recommendation (what action should be taken). A sixth attribute, benefit (what positive things should result following proper implementation of the recommendation), is often the key factor in management's eyes and should also be a factor in the auditor's decision to make a recommendation. Each of these attributes are discussed below:

A. CONDITION (What is happening)

This is a statement of an existing condition which the auditor believes is deficient. It is a factual statement describing what was found. (There must be quantitative and qualitative evidence to support the finding.) All components of the statement of the condition found must be accurate, well documented, and worded as clearly and precisely as possible.

B. CRITERIA (What should be happening)

This is a statement indicating the criteria (rules, standards, etc.) used by the auditor when identifying a condition as being deficient.

The criteria may be:

- Written requirements - GAAP, published past principles, federal and State rules and regulations, government codes, laws, etc.
- Opinions of experts.
- Prudent business practices.
- Managerial expertise.

- Organizational and program goals and objectives.
- Common sense - Warning, don't stray too far from authoritative sources. Common sense is allowable provided it is common.
- Verbal instructions.

C. EFFECT (So what?)

This is a statement indicating the actual or potential problems or losses resulting from the deficient condition. Whenever possible, the effect should be stated in terms: dollars (lost), time, productivity, number of transactions, etc. Where past effects cannot be evaluated or potential effects are more important, the potential effects should be stated.

Identifying the effect allows management to understand the significance of a weakness or deficiency. It also serves as a check on the overzealous auditor reporting immaterial findings - if the effect is not significant, it is often beneficial not to include the finding in the final report. The auditor who continually reports on petty findings will usually lose the respect and confidence of management.

Examples of possible effects include:

- Uneconomic or inefficient use of resources.
- Loss of potential income.
- Violation of law.
- Improperly spent funds.
- Inaccurate or meaningless records and information.
- Lack of or loss of control.
- Lack of assurance that the job is being done properly.
- Lack of assurance that goals or objectives are being met.

D. CAUSE (Why is it happening?)

This is a statement as to the reason(s) why the deficiency exists. The auditor must be careful that the cause identified is not superficial; the real, underlying cause at the heart of the matter must be identified. A constructive recommendation cannot be made unless the basic cause of the condition is identified.

Examples of identifiable causes are:

- Inadequate guidelines or standards.
- Lack of effective feedback devices.
- Lack of effective monitoring devices.
- Lack of communication.
- Unfamiliarity with requirements.

- Negligence or carelessness.
- Lack of resources.
- Conscious decision or instructions to deviate from requirements.
- Dishonesty.
- Failure to exercise good judgment.
- Unwillingness to change.
- Lack of planning, faulty or ineffective organizational arrangement or delegations of authority.

E. RECOMMENDATION (What action should be taken?)

The recommendation is the specific action being suggested to correct, eliminate, or reduce the deficiency or weakness noted. The recommendation being made must be workable, reasonable, and not too rigid. It also must be specific, realistic, and helpful. The relationship between the cause of the deficiency noted and the recommendation being made to correct the weakness must be clear and logical. Finally, the recommendation must be directed toward the level of management with the authority to take action.