HOUSING AUTHORITY
of the County of Los Angeles
Administrative Office
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Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

June 14, 2005

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

APPROVE AGREEMENT WITH VASQUEZ & COMPANY LLP FOR FINANCIAL AUDIT SERVICES (ALL DISTRICTS)
(3 Vote)

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE COMMUNITY DEVELOPMENT COMMISSION:

1. Approve and authorize the Executive Director of the Community Development Commission to execute a one-year Agreement for Financial Audit Services (Agreement) with Vasquez & Company LLP, and all related documents, in the amount of $100,000 to provide financial auditing services for the Commission and the Housing Authority of the County of Los Angeles, to be effective July 1, 2005.

2. Authorize the Executive Director of the Commission to execute amendments to the Agreement, following approval as to form by County Counsel, to extend the time of performance for an additional two years, in one-year increments, in the amount of $105,000 and $110,000 respectively.

3. Authorize the Executive Director of the Commission to use funds included in the Commission's approved Fiscal Year budgets for the

purposes described above.

4. Authorize the Executive Director of the Commission to receive from the Housing Authority approximately $216,231 for the Housing Authority's share of financial audit services provided by Vasquez & Company LLP under all three years of the Agreement, if extended, and to incorporate these funds into the Commission's budget through the annual budget process.

5. Authorize the Executive Director to increase compensation under the Agreement by a total aggregate amount of $30,000 for any unforeseen, needed financial audit services, using the same source of funds described above and to receive from the Housing Authority up to $30,000 for the Housing Authority's share of unforeseen, needed financial audit services provided by Vasquez & Company.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY:

1. Approve the expenditure of an aggregate of approximately $216,231 for financial auditing services provided to the Housing Authority under all three years of the attached Agreement for Financial Audit Services (Agreement) between the Community Development Commission of the County of Los Angeles and Vasquez & Company LLP.

2. Authorize the Executive Director of the Housing Authority to transfer to the Commission approximately $216,231 for its share of financial audit services provided by Vasquez & Company under all three years of the Agreement, if extended, and to use for this purpose funds included in the Housing Authority's approved Fiscal Year budgets.

3. Approve the expenditure of additional funds of up to $30,000 for any unforeseen, needed financial audit services and authorize the Executive Director of the Housing Authority to transfer to the Commission up to $30,000 for this purpose, using the same source of funds described above.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve the Agreement with Vasquez & Company LLP to provide the audit services needed to comply with the financial and program requirements mandated by Commission and Housing Authority funding sources.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The maximum aggregate amount for all years of the Agreement, if extended, will be $315,000. It is forecast that this total amount will be comprised of approximately $98,769 for the Commission and approximately $216,231 for the Housing Authority. The total, yearly aggregate costs of the financial auditing services are set under the terms of the Agreement, however, costs apportioned to the Commission and Housing Authority may vary from the individual forecast amounts, depending on the needed auditing services.

Costs associated with the first year of services under the Agreement will be incurred in Fiscal Year 2005-2006, in an amount not to exceed an aggregate of $100,000 comprised of approximately $31,631 for the Commission and approximately $68,369 for the Housing Authority. The Commission and Housing Authority will request approval of these funds through the annual budget process.

After the first year, the Agreement may be extended for an additional two years, in one-year increments, in the amount of $105,000 and $110,000 respectively. Year two of the Agreement will be comprised of approximately $32,923 for the Commission and approximately $72,077 for the Housing Authority. Year three of the Agreement will be comprised of approximately $34,215 for the Commission and approximately $75,785 for the Housing Authority. The Commission and Housing Authority will request approval of these funds through the annual budget process.

An approximate 10 percent contingency, in the maximum aggregate amount of $30,000 is also being set aside for unforeseen, needed financial audit services.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Commission currently contracts for financial auditing services under a multi-year contract. The Agreement will replace the expiring multi-year contract with a one-year Agreement, which may be extended in one-year increments, for a total of two additional years, at the sole discretion of the Commission.

The Agreement provides for Vasquez & Company LLP to conduct financial audits of Fiscal Year 2004-2005 financial statements. The audits will focus on internal controls over federal financial assistance and compliance with program requirements. This will include all funds and account groups of the Commission and the Housing Authority, including single audits of all federal grants and statements relating to redevelopment activities.

Vasquez & Company LLP will provide a statement regarding financial compliance with existing redevelopment laws and regulations. The firm will also prepare a Comprehensive Annual Financial Report, as required by the Governmental Accounting

Standards Board, and all other reports specified in the Agreement and required by law. Vasquez & Company LLP will advise the Commission and the Housing Authority concerning methods of improving systems of internal accounting and operating controls, the appropriateness of new procedures, and provide recommendations and assistance as necessary.

Should Vasquez & Company LLP require additional or replacement personnel during the term of the Agreement, it will give consideration for any such employment openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program and General Relief Opportunity for Work (GROW) Program who meet the minimum qualifications for the open positions. Vasquez & Company LLP will contact the County's GAIN/GROW Division for a list of participants by job category.

The attached Agreement has been approved to form by County Counsel and executed by Vasquez & Company LLP. At its meeting of May 25, 2005, the Housing Commission recommended approval of the use of Housing Authority funds for this Agreement.

ENVIRONMENTAL DOCUMENTATION:

The Agreement is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact or result in any physical changes to the environment. The activities are not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

CONTRACTING PROCESS:

On July 7, 2004, the Commission initiated an outreach program to identify qualified firms to provide financial auditing services for both the Commission and Housing Authority. Notices of the availability of the Request for Proposals (RFP) were mailed to 27 firms identified from the Commission and Housing Authority's vendor list and firms with public sector auditing experience from the Los Angeles Business Journal's 2003 list of top 100 Certified Public Accountant firms. The availability of the RFP was also advertised in seven local newspapers and posted on the County's WebVen web site.

A total of three proposals were received by the submission deadline of August 12, 2004. The proposals were evaluated by a review panel comprised of four representatives from the Commission and one representative from the County Auditor-Controller. KPMG LLP was selected for recommendation of award of Agreement based on the criteria set forth in the RFP.

On November 30, 2004, your Board authorized the Commission to enter into an Agreement with KPMG LLP, however, the firm on April 14, 2005 rescinded its proposal. As its primary reason, KPMG LLP stated that the pricing provided in its proposal did not meet the firm's minimum rate of return. Therefore, the second most qualified proposer, Vasquez & Company LLP, is being recommended for the award of Agreement.

The Summary of Outreach Activities is provided as Attachment A.

IMPACT ON CURRENT PROGRAMS:

The Agreement will provide continuation of mandated audit services for both financial and programmatic compliance.

Respectfully submitted,

for CARLOS JACKSON
Executive Director

Attachments: 2

ATTACHMENT A

APPROVE FINANCIAL AUDIT SERVICES AGREEMENT

Summary of Outreach Activities

On July 7, 2004 the following outreach was initiated to identify a firm to provide financial audit services to the Community Development Commission and Housing Authority under a one-year agreement, with an additional two years extension, in one-year increments, effective with the Fiscal Year 2004-2005 financial statements.

A. Newspaper Advertising

Announcements appeared in the following seven local newspapers:

Eastern Group Publications
International Daily News
La Opinion
Los Angeles Sentinel
Los Angeles Times
The Daily News
Wave Community Newspapers

B. Distribution of Request for Proposal Packages

The Commission and Housing Authority's vendor list and the Los Angeles Business Journal's 2003 list of top 100 Certified Public Accountant firms were used to identify 27 firms with public sector auditing experience. Notices of the availability of the Request for Proposals (RFP) were mailed to these firms. In addition, the RFP was posted on the County's WebVen web site.

C. Proposal Results

A total of three proposals were received by the submission deadline of August 12, 2004. One proposal was received after the deadline and, therefore, was not considered in the selection process.

A review panel comprised of four representatives from the Commission and one representative from the County Auditor-Controller evaluated the proposals. KPMG LLP was selected for recommendation of award of Agreement based on the criteria set forth in the RFP and consensus scoring. On April 14, 2005, KPMG LLP rescinded its proposal, therefore, the second most qualified proposer, Vasquez & Company LLP, is being recommended for the award of Agreement.

Firm	Evaluation Score
KPMG LLP*	957.00
Vasquez & Co. LLP**	907.25
Macias & Gini LLP**	826.25

* Rescinded proposal
**Minority-owned firm

D. Minority/Female Participation - Firm Selected

Name	Ownership	Employees
Vasquez & Co. LLP	Minority	Total: 31 30 minorities 20 women 97% minorities 65% women

E. Minority/Female Participation - Firms Not Selected

Name	Ownership	Employees
Macias & Gini LLP	Minority	Total: 92 38 minorities 50 women 41% minorities 54% women
KPMG LLP	Non-minority	Total: 908 395 minorities 450 women 44% minorities 50% women

The Commission encourages the participation of minorities and women in the contract award process, including: providing information about the Commission at local and national conferences, conducting seminars for minorities and women regarding programs and services, advertising in newspapers to invite placement on the vendor list, and mailing information to associations which represent minorities and women. The above information has been voluntarily provided by the firms, which participated in the outreach program.

The recommendation to award the Agreement for Financial Audit Services to Vasquez & Company LLP is being made in accordance with federal regulations, and without regard to race, creed, color, gender, or sexual orientation.

AGREEMENT FOR FINANCIAL AUDIT SERVICES

This Agreement is made and entered into this _____ day of _____, _____, by and between the Community Development Commission of the County of Los Angeles, hereinafter referred to as "Commission", and Vasquez & Company LLP, hereinafter referred to as "Auditor."

RECITAL

1. PURPOSE

Auditor is in the business of providing financial auditing services. On August 12, 2004, in response to the Commission's Request for Proposals, Auditor submitted a proposal to furnish the hereinafter-described financial auditing services to the Commission.

TERMS AND CONDITIONS

2. TERM

This Agreement shall commence on July 1, 2005 and shall remain in full force and effect until June 30, 2006 unless sooner terminated as provided herein.

3. AUDITOR'S RESPONSIBILITIES

Auditor agrees to perform in a professional manner, to the satisfaction of the Commission's Executive Director, all the work described in the attached Statement of Work, Attachment A.

4. COMPENSATION

Auditor will submit to the Commission an invoice on a form approved by the Commission for services and upon receipt and approval, the Commission will pay to the Auditor within thirty (30) days of receipt of the invoice. The amount payable to the Auditor including all costs and expenses as described in Attachment B, Fee Schedule under this Agreement shall not exceed One hundred thousand dollars ($100,000). This Agreement may be extended in one-year increments, for a total of two (2) additional years at the sole discretion of the Commission.

The Auditor shall be paid in accordance with the Commission's standard accounts payable system.

The following condition must be met to fulfill this Agreement and ensure prompt payment.

Auditor will submit a monthly invoice on a form approved by the Commission for services rendered, and this invoice must be approved by the Commission.

Auditor shall have no claim against the Commission for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Auditor after the expiration or other termination of this Agreement. Should Auditor receive any such payment, it shall immediately notify the Commission and shall immediately repay all such funds to the Commission. Payment by the Commission for services rendered after expiration/termination of this Agreement shall not constitute a waiver of the Commission's right to recover such payment from Auditor. This provision shall survive the expiration or other termination of this Agreement.

5. SOURCES AND APPROPRIATION OF FUNDS

The Commission's obligation is payable only and solely from funds appropriated through the U.S. Department of Housing and Urban Development (HUD) and, for the purpose of this Agreement. All funds are appropriated every fiscal year beginning July 1.

In the event this Agreement extends into succeeding fiscal years and funds have not been appropriated, this Agreement will automatically terminate as of June 30 of the current fiscal year. The Commission will endeavor to notify the Auditor in writing within ten (10) days of receipt of non-appropriation notice.

6. TERMINATION FOR IMPROPER CONSIDERATION

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

The Auditor shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to the Commission's Executive Director or to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.

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

7. SUCCESSOR AND ASSIGNMENT

This Agreement may not be assigned by the Auditor except with prior written consent of the Executive Director of the Commission, or his designee. However, the Commission reserves the right to assign this Agreement to another public agency without the consent of the Auditor.

8. CONFIDENTIALITY OF REPORTS

The Auditor shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of the Commission.

9. SUBCONTRACTING

The Auditor may subcontract only those specific portions of work allowed in the original specifications covered by this Agreement with prior written approval by the Commission.

The Auditor shall not subcontract any part of the work covered by this Agreement or permit subcontracted work to be further subcontracted without prior written approval by the Commission.

10. INSURANCE

Auditor shall procure and maintain at Auditor's expense for the duration of this Agreement the following insurance against claims for injuries to persons or damage to property, which may arise from or in connection with the performance of the work by the Auditor, its agents, representatives, employees or subcontractors.

A. GENERAL LIABILITY INSURANCE (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate	$2,000,000
Products/Completed Operations Aggregate	$1,000,000
Personal and Advertising Injury	$1,000,000
Each Occurrence	$1,000,000

The Community Development Commission of the County of Los Angeles ("Commission"), the Housing Authority of the County of Los Angeles ("Housing Authority"), the County of Los Angeles ("County"), and their officials and employees, shall be covered as insureds with respect to: liability arising out of activities performed by or on behalf of the Auditor; products and completed operations of the Auditor; premises owned, leased or used by the Auditor.

B. AUTOMOBILE LIABILITY INSURANCE (written on ISO policy form CA 00 01 or its equivalent) with a limit of liability of not less than $1 million for each incident. Such insurance shall include coverage of all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

C. WORKERS' COMPENSATION and EMPLOYER'S LIABILITY insurance providing workers' compensation benefits, as required by the Labor Code of the State of California.

In all cases, the above insurance also shall include Employer's Liability coverage with limits of not less than the following:

Each Accident	$1,000,000
Disease-policy limit	$1,000,000
Disease-each employee	$1,000,000

Any self-insurance program and self-insured retention must be separately approved by the Commission.

Each insurance policy shall be endorsed to state that coverage shall not be canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice has been given to the Commission.

Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California or carriers with a rating of or equivalent to A: VIII by A.M. Best & Company. Any deviation from this rule shall require specific approval in writing by the Commission.

All coverage for subcontractor shall be subject to the requirements stated herein and shall be maintained at no expense to the Commission.

Auditor shall furnish the Commission with certificates of insurance and with original endorsements affecting coverage as required above. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

Failure on the part of the Auditor to procure or maintain insurance required by this Agreement shall constitute a material breach of Agreement upon which the Commission may immediately terminate this Agreement.

D. PROFESSIONAL LIABILITY INSURANCE: If applicable, in an amount of not less than $1,000,000 aggregate combined single limit, unless requirement has been waived in writing. This extends coverage claim arising from negligent professional activities such as medical treatments, psychiatric or financial counseling, etc. These exposures are excluded under the general liability form. In cases where the activities or financial for the Operating Agency present no meaningful professional exposure, Commission's Risk Management may waive compliance with this contract provision upon written request.

11. INDEMNIFICATION

Auditor shall indemnify, defend and hold harmless the Commission, the Housing Authority, the County and their elected and appointed officers, employees, and agents 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 or connected with Auditor's acts and/or omissions arising from and/or relating to this Agreement.

12. COMMISSION'S QUALITY ASSURANCE PLAN

The Commission will evaluate Auditor's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Auditor's compliance with all Agreement terms and performance standards. Auditor deficiencies which

Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by the Commission and Auditor. If improvement does not occur consistent with the corrective measure, the Commission may terminate this Agreement, pursuant to Paragraph 13 or 14, or impose other remedies as specified in this Agreement.

A performance review will be conducted no later than ninety (90) days prior to the end of the first year of this Agreement to evaluate the performance of the Auditor. Based on the assessment of the performance review, as determined by the Commission in its sole discretion, written notification will be given to the Auditor whether this Agreement will be terminated at the end of the current year or will be extended into the next year.

13. TERMINATION FOR CONVENIENCE

The Commission reserves the right to cancel this Agreement for any reason at all upon thirty (30) days prior written notice to Auditor. In the event of such termination, Auditor shall be entitled to a prorated portion paid for all satisfactory work unless such termination is made for cause, in which event, compensation if any, shall be adjusted in such termination.

14. TERMINATION FOR CAUSE

This Agreement may be terminated by the Commission upon written notice to the Auditor for just cause (failure to perform satisfactorily) with no penalties incurred by the Commission upon termination or upon the occurrence of any of the following events in A, B, C or D:

A. Should the Auditor fail to perform all or any portion of the work required to be performed hereunder in a timely and good workmanlike manner or properly carry out the provisions of this Agreement in their true intent and meaning, then in such case, notice thereof in writing will be served upon the Auditor, and should the Auditor neglect or refuse to provide a means for satisfactory compliance with this Agreement and with the direction of the Commission within the time specified in such notice, the Commission shall have the power to suspend or terminate the operations of the Auditor in whole or in part.

B. Should the Auditor fail within five (5) days to perform in a satisfactory manner, in accordance with the provisions of this Agreement, or if the work to be done under this Agreement is abandoned for more than three (3) days by the Auditor, then notice of deficiency thereof in writing will be served upon Auditor by the Commission. Should the Auditor fail to comply with the terms of this Agreement within five (5) days, upon receipt of said written notice of deficiency, the Executive Director of Commission shall have the power to suspend or terminate the operations of the Auditor in whole or in part.

C. In the event that a petition of bankruptcy shall be filed by or against the Auditor.

D. If, through any cause, the Auditor shall fail to fulfill, in a timely and proper manner, the obligations under this Agreement, or if the Auditor shall violate any of the

covenants, agreements, or stipulations of this Agreement, the Commission shall thereupon have the right to terminate this Agreement by giving written notice to the Auditor of such termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports prepared by the Auditor under this Agreement shall, at the option of the Commission become its property and the Auditor shall be entitled to receive just and equitable compensation for any work satisfactorily completed.

15. AUDITOR'S WARRANTY OF ADHERENCE TO COMMISSION'S CHILD SUPPORT COMPLIANCE PROGRAM

Auditor acknowledges that Commission has established a goal of ensuring that all individuals who benefit financially from Commission through Agreements, are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon taxpayers of the County.

As required by Commission's Child Support Compliance Program and without limiting Auditor's duty under this Agreement to comply with all applicable provisions of law, Auditor warrants that it is now in compliance and shall during the term of this Agreement maintain 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 District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

16. TERMINATION FOR BREACH OF WARRANTY TO COMPLY WITH COMMISSION'S CHILD SUPPORT COMPLIANCE PROGRAM

Failure of Auditor to maintain compliance with the requirements set forth in Paragraph 15, "Auditor's Warranty of Adherence to Commission's Child Support Compliance Program" shall constitute a default by Auditor under this Agreement. Without limiting the rights and remedies available to Commission under any other provision of this Agreement, failure to cure such default within ninety (90) days of written notice shall be grounds upon which the Commission may terminate this Agreement pursuant to Paragraph 14, "Termination For Cause" and pursue debarment of Auditor, pursuant to Commission policy.

17. POST MOST WANTED DELINQUENT PARENTS LIST

Auditor acknowledges that Commission places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Auditor understands that it is Commission's policy to strongly encourage all Auditors to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Auditor's place of business. The Child Support Services Department (CSSD) will supply Auditor with the poster to be used.

18. INDEPENDENT CONTRACTOR

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and the Auditor.

19. EMPLOYEES OF AUDITOR

Workers' Compensation: Auditor understands and agrees that all persons furnishing services to the Commission pursuant to this Agreement are, for the purposes of Workers' Compensation liability, employees solely of the Auditor. Auditor shall bear sole responsibility and liability for providing Workers' Compensation benefits to any person for injuries arising from an accident connected with services provided to the Commission under this Agreement.

Professional Conduct: The Commission does not and will not condone any acts, gestures, comments or conduct from the Auditor's employees, agents or subcontractors which may be construed as sexual harassment or any other type of activities or behavior that might be construed as harassment. The Commission will properly investigate all charges of harassment by residents, employees or agents of the Commission against any and all Auditor's employees, agents or subcontractors providing services for the Commission. The Auditor assumes all liability for the actions of the Auditor's employees, agents or subcontractors and is responsible for taking appropriate action after reports of harassment are received by the Auditor.

20. DRUG-FREE WORKPLACE ACT OF THE STATE OF CALIFORNIA

Auditor certifies under penalty of perjury under the laws of the State of California that the Auditor will comply with the requirements of the Drug-Free Workplace Act of 1990.

21. SAFETY STANDARDS AND ACCIDENT PREVENTION

The Auditor shall comply with all applicable federal, state and local laws governing safety, health and sanitation. The Auditor shall provide all safeguards, safety devices and protective equipment and take any other needed actions, as its own responsibility, reasonably necessary to protect the life and health of employees on the job and the safety of the public and to protect property in connection with the performance of this Agreement.

22. COMPLIANCE WITH LAWS

The Auditor agrees to be bound by all applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement, including but not limited to, the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzalez National Affordable Housing Act, 1990, and the 24 CFR Part 85, and the Americans with Disabilities Act of 1990. If the compensation under this Agreement is in excess of $100,000 then Auditor shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579(h)), section 508 of the Clean Water Act (33 U.S.C. 1368),

Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Auditor must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Auditor shall comply with the following laws in Sections 23-32, inclusive and 41-42.

23. CIVIL RIGHTS ACT OF 1964, TITLE VI (NON-DISCRIMINATION IN FEDERALLY-ASSISTED PROGRAMS)

Auditor shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

24. SECTION 109 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

Auditor shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

25. AGE DISCRIMINATION ACT OF 1975 AND SECTION 504 OF THE REHABILITATION ACT OF 1973

Auditor shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

26. EXECUTIVE ORDER 11246 AND 11375, EQUAL OPPORTUNITY IN EMPLOYMENT (NON-DISCRIMINATION IN EMPLOYMENT BY GOVERNMENT CONTRACTORS AND SUBCONTRACTORS)

Auditor shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Auditor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Auditor will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Auditor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Auditor will, in all solicitations or advertisements for employees placed by or on behalf of the Auditor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Auditor will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Auditor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Auditor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Auditor will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Auditor's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Auditor may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Auditor will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Auditor will take such actions with respect to any subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Auditor becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by the Commission, the Auditor may request the United States to enter into such litigation to protect the interests of the United States.

27. GREATER AVENUES FOR INDEPENDENCE (GAIN) PROGRAM AND GENERAL RELIEF OPPORTUNITY FOR WORK (GROW) PROGRAM

Should Auditor require additional or replacement personnel after the effective date of this Agreement, the Auditor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's minimum qualifications for the open position. Auditor shall contact the County's GAIN/GROW Division at (626) 927-5354 for a list of GAIN/GROW participants by job category.

28. FEDERAL LOBBYIST ORDINANCE

The Auditor is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative Agreement, and any extension, continuation, renewal, amendment or modification of said documents.

The Auditor must certify in writing on the Federal Lobbyist Requirements Certification form that they are familiar with the Federal Lobbyist Requirements and that all persons and/or subcontractors acting on behalf of the Auditor will comply with the Lobbyist Requirements.

Failure on the part of the Auditor or persons/subcontractors acting on behalf of the Auditor to fully comply with the Federal Lobbyist Requirements may be subject to civil penalties.

29. NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT

Auditor 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 1015.

30. USE OF RECYCLED-CONTENT PAPER PRODUCTS

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

31. CONTRACTOR RESPONSIBILITY AND DEBARMENT

A. A responsible contractor, which shall include Auditor, is a contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the Agreement. It is the policy of Commission and the Housing Authority to conduct business only with responsible contractors.

B. The Auditor is hereby notified that if the Commission acquires information concerning the performance of the Auditor on this or other contracts which indicates that the Auditor is not responsible, the Commission may, in addition to other remedies provided in the Agreement, debar the Auditor from bidding on Commission or Housing Authority contracts for a specified period of time not to exceed three (3) years, and terminate any or all existing contracts the Auditor may have with the Commission or the Housing Authority.

C. The Commission may debar a contractor if the Board of Commissioners finds, in its discretion, that the contractor has done any of the following: (1) violated any term of a contract with Commission or the Housing Authority, (2) committed any act or omission which negatively reflects on the contractor's quality, fitness or capacity to perform a contract with Commission or the Housing Authority or any other public entity, 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, the Commission or the Housing Authority or any other public entity.

D. If there is evidence that the Auditor may be subject to debarment, the Commission will notify the Auditor in writing of the evidence which is the basis for the proposed debarment and will advise the Auditor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Auditor and/or the Auditor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Auditor should be debarred, and, if so, the appropriate length of time of the debarment. If the Auditor fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Auditor may be deemed to have waived all rights of appeal.

F. A record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

G. These terms shall also apply to subcontractors of Commission or Housing Authority contractors.

32. COMPLIANCE WITH JURY SERVICE PROGRAM

1. Unless Auditor has demonstrated to Commission's satisfaction either that Auditor ~~is not a "Contractor" as under the Jury Service Program or that Auditor qualifies~~ for an exception to the Jury Service Program, Auditor shall have and adhere to a written policy that provides that its Employees shall receive from the Auditor, on an annual basis, no less than five (5) days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Auditor or that the Auditor deduct from the Employee's regular pay the fees received for jury service.

2. For purposes of this Section, "Auditor" means a person, partnership, corporation or other entity which has a contract or agreement with Commission or a subcontract with a Commission contractor and has received or will receive an aggregate sum of $50,000 or more in any 12-month period under one or more Commission contracts or subcontracts. "Employee" means any California resident who is a full time employee of Auditor. "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 Commission, or 2) Auditor has a

long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of ninety (90) days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Auditor uses any subcontractor to perform services for Commission under the Agreement, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

3. If Auditor is not required to comply with the Jury Service Program when the Agreement commences, Auditor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Auditor shall immediately notify Commission if Auditor at any time either comes within the Jury Service Program's definition of "Contractor" or if Auditor no longer qualifies for an exception to the Program. In either event, Auditor shall immediately implement a written policy consistent with the Jury Service Program. The Commission may also require, at any time during the Agreement and at its sole discretion, that Auditor demonstrate to Commission's satisfaction that Auditor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Auditor continues to qualify for an exception to the Program.

4. Auditor's violation of this Section of the Agreement may constitute a material breach of the Agreement. In the event of such material breach, Commission may, in its sole discretion, terminate the Agreement and/or bar Auditor from the award of future Commission agreements for a period of time consistent with the seriousness of the breach.

33. ACCESS AND RETENTION OF RECORDS

Auditor shall provide access to the Commission, the Federal Grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers and records of the Auditor which are directly pertinent to this Agreement for the purpose of making audits, examinations, excerpts and transcriptions.

The Auditor is required to retain the aforementioned records for a period of five (5) years after the Commission pays final payment and other pending matters are closed under this Agreement.

34. CONFLICT OF INTEREST

The Auditor represents, warrants and agrees that to the best of its knowledge, it does not presently have, nor will it acquire during the term of this Agreement, any interest direct or indirect, by contract, employment or otherwise, or as a partner, joint venture or shareholder (other than as a shareholder holding a one percent (1%) or less interest in publicly traded companies) or affiliate with any business or business entity that has entered into any contract, subcontract or arrangement with the Commission. Upon execution of this Agreement and during its term, as appropriate, the Auditor shall, disclose in writing to the Commission any other contract or employment during the term of this Agreement by any other persons, business or corporation in which employment

will or may likely develop a conflict of interest between the Commission's interest and the interests of the third parties.

35. SEVERABILITY

In the event that any provision herein contained is held to be invalid, void, or illegal by any court of competent jurisdiction, the same shall be deemed severable from the remainder of this Agreement and shall in no way affect, impair or invalidate any other provision contained herein. If any such provision shall be deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope or breadth permitted by law.

36. INTERPRETATION

No provision of this Agreement is to be interpreted for or against either party because that party or that party's legal representative drafted such provision, but this Agreement is to be construed as if drafted by both parties hereto.

37. WAIVER

No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision shall not be deemed to be a waiver of any breach of the same or any other provision hereof.

38. PATENT RIGHTS

The Commission will hold all the patent rights with respect to any discovery or invention which arises or is developed in the course of, or under this Agreement.

39. COPYRIGHT

No report, maps, or other documents produced in whole or in part under this Agreement shall be the subject of an application for copyright by or on behalf of the Auditor. All such documents become the property of the Commission and the Commission holds all the rights to said data.

40. NOTICES

Commission shall provide Auditor with notice of any injury or damage arising from or connected with services rendered pursuant to this Agreement to the extent that Commission has actual knowledge of such injury or damage. Commission shall provide such notice within ten (10) days of receiving actual knowledge of such injury or damage.

Notices provided for in this Agreement shall be in writing and shall be addressed to the person intended to receive the same, at the following address:

The Commission: Mr. Yui Cheng, Director
Financial Management Division
Community Development Commission

County of Los Angeles
2 Coral Circle
Monterey Park, Ca 91755

The Auditor:

Gilbert R. Vasquez
Vasquez & Company LLP
510 W. Sixth Street, Suite 400
Los Angeles, CA 90014-1315

Notices addressed as above provided shall be deemed delivered three (3) business days after mailed by U.S. Mail or when delivered in person with written acknowledgement of the receipt thereof. The Auditor and the Commission may designate a different address or addresses for notices to be sent by giving written notice of such change of address to all other parties entitled to receive notice.

41. NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW

The Auditor 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 available on the Internet at www.babysafela.org for printing purposes.

42. AUDITOR'S ACKNOWLEDGMENT OF COMMISSION'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW

The Auditor acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. The Auditor understands that it is the Commission's policy to encourage all Commission Auditors to voluntarily post the Commission's "Safely Surrendered Baby Law" poster in a prominent position at the Auditor's place of business. The Auditor will also encourage its subcontractors, if any, to post this poster in a prominent position in the subcontractor's place of business. The Department of Children and Family Services of the County of Los Angeles will supply the Auditor with the poster to be used.

43. ENTIRE AGREEMENT

This Agreement with attachments constitutes the entire understanding and agreement of the parties. This Agreement includes the following attachments:

A. Statement of Work
B. Fee Schedule
C. Required Contract Forms
D. Required Contract Notices

SIGNATURES

IN WITNESS WHEREOF, the Auditor and the Commission have executed this Agreement through their duly authorized officers this _____day of _____, ____.

COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES

By_____

Carlos Jackson
Executive Director

VASQUEZ & COMPANY LLP

By_____

Title _____

APPROVED AS TO FORM:
Raymond G. Fortner Jr., County Counsel

By_____

Deputy

ATTACHMENT A

STATEMENT OF WORK

ATTACHMENT A
STATEMENT OF WORK (SOW)

1.0 GENERAL BACKGROUND AND INFORMATION

The Community Development Commission of the County of Los Angeles, California (Commission), a component unit of the County of Los Angeles, California was formed by ordinance of the Los Angeles County Board of Supervisors on July 1, 1982 under the provisions of Sections 34100-34160 of the Health and Safety Code of the State of California.

The combined basic financial statements of the Commission include the activities of the Commission as the County's redevelopment agency and Housing Authority of the County of Los Angeles (Housing Authority). The financial operations of these organizations are closely related and the Boards of Commissioners have continuing oversight responsibilities of the entities. Oversight responsibility is determined on the basis of budget adoption and funding.

The Commission is responsible for the administration of various Federal grants including Community Development Block Grant (CDBG) funds to cities and community based organizations (CBO's), home financing, community improvement projects, arranging revenue bonds and other financing for housing development, and providing comprehensive planning and business revitalization services.

The Housing Authority is under the auspices of the Commission. This entity is responsible for managing the low-income housing and related needs for the County.

The Commission serves in the unincorporated areas of the County and in 45 cities that have requested involvement in various programs.

The Commission has a total payroll of $21,000,000 covering 522 permanent, full-time employees.

The Commission is organized into eight divisions. The accounting and financial reporting functions of the Commission are centralized.

More detailed information on the government and its finances can be found in the prior year Comprehensive Annual Financial Reports, Budget Reports and Single Audit Reports. To obtain access to these documents, please contact Mr. Mel Manapat at (323) 838-8925.

A. Fund Structure

The Commission uses the following fund types in its financial reporting:

Fund Type/Account Group	Number of Individual Funds	Number With Legally Adopted Annual Budgets
General fund	1	1
Special revenue funds	7	7
Enterprise funds	3	3
Internal service funds	9	9

B. Budgetary Basis of Accounting

The Commission prepares its budgets on a basis consistent with generally accepted accounting principles. The modified accrual basis of accounting is employed in the preparation of the budget.

C. Federal and State Financial Assistance

To review the Federal Financial Assistance received by the Commission, please review the June 30, 2004 Single Audit Reports.

D. Pension Plans

The Commission participates in the Public Employees' Retirement System (PERS) administered by the State of California, which covers substantially all Commission employees.

PERS is a contributory plan. The Commission is only obligated to contribute an amount actuarially determined by PERS. The Commission is currently paying a portion (4.5%) of the Commission employees' contribution of 7 percent.

E. Component Units

The Commission is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. Using these criteria, component units are included in the Commission's financial statements.

F. Joint Ventures

The Commission participates in joint ventures with Southern California Home Financing Authority and Intra-County Housing Authority.

G. Magnitude of Finance Operations

The Finance Division is headed by Yui Cheng, Director of Financial Management and consists of 55 employees. The principal functions performed and the number of employees assigned to each are as follows:

Function	Number of Employees
Administration	5
Accounting	26
Management Information Services	24

H. Internal Audit Function

The Commission has maintained an internal control staff function for the past sixteen years. The staff reports to the Director of Financial Management.

I. Availability of Prior Audit Reports

Interested proposers who wish to review prior years' audit reports and management letters should contact Mel Manapat (323) 838-8925 or write to 2 Coral Circle, Monterey Park, CA 91755. The Commission will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

2.0 SCOPE OF SERVICES

A. General

Qualified proposer shall audit the Commission's financial statements and its affiliated non-profit agencies for the fiscal year ending June 30, 2005 and calendar year ending December 31, 2005 with the option of two (2), one year extensions provided services are satisfactory and funds are available.

These audits include performing a single agency audit, and an audit of agencies and programs that use federal and state grant money passed through to these entities (subrecipients) by the Commission. The Commission issues a Comprehensive Annual Financial Report (CAFR). This financial report incorporates the financial transactions of the Commission's Redevelopment Agency, as required by the National Council on Governmental Accounting (NCGA) Statement 3. A separate statement for this entity will be issued as well. In addition to this, subrecipients and subsidiaries to be audited are listed below by category:

Community Based Organizations (Subrecipients)	as needed
HUD Funded Close Out Projects	as needed

Rental Housing Construction Programs	2
Intra County Housing Corporation (SC.503 Non-Profit)	1
Housing Development Corporation (SC.503 Non-Profit Subsidiaries)	1

Please note that for any additional subrecipient audit, the selected audit firm would be compensated at a fixed price per each audit report as stated in the proposal.

These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Specific Requirements

The Auditor will be required to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles.

The Auditor is to also express an opinion on the fair presentation of its combining and individual fund and account group financial statements and schedules in conformity with generally accepted accounting principles. The Auditor is not required to audit the supporting schedules contained in the component unit financial report. However, the Auditor is to provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements and the combining and individual fund financial statements and schedules.

The Auditor will also be requested to conduct special management reviews of including but not limited to programs, projects, sub-recipients and other activities. The fee on special reviews is negotiable but not to exceed $25,000.

The Auditor is not required to audit the statistical section of the report.

The Auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The Auditor is not required to audit the schedule of federal financial assistance. However, the Auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

C. Auditing Standards To Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepting auditing standards as set forth by the American Institute of Certified Public Accountants, the

standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards (1994); the provisions of the Single Audit Act of 1984, P.L. 98-502 and the Single Audit Act Amendments of 1996, P.L. 104 -156, and the provisions of U.S. Office of Management and Budget Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular No. A-133). Audit examinations should be in accordance with the audit requirements set forth in the U.S. Department of Housing and Urban Development's Consolidated Audit Guide for Audits of HUD Programs; the Comptroller of the United States, General Accounting Offices Government Auditing Standards (Standards for Audit of Governmental Organizations, Programs, Activities & Functions), and including, but not limited to requirements as specified in the Statements of Auditing Standards (SAS) No. 63, sections 7476.1 and 7476.3 of the HUD Handbook, The Audit Guide for Community Development Block Grant Recipients (as amended), procedures described by the Department of Housing and Urban Development of the State of California, and Guidelines for Compliance Audits of California Redevelopment Agencies (November 1996), and any amendments to the foregoing standards and documents.

D. Reports

Following the completion of the audit of the fiscal year's financial statements, the Auditor shall issue the following reports:

1. The fair presentation of the basic financial statements in conformity with generally accepted accounting principles.

2. The internal control structure based on the auditors' understanding of the control structure and assessment of control risk.

3. Compliance with applicable laws and regulations.

4. An "in-relation-to" report on the schedule of federal financial assistance.

5. The internal control structure used in administering federal financial assistance programs (this report may be combined with report number 2).

6. Compliance with specific requirements applicable to major federal financial assistance programs.

7. Compliance with specific requirements applicable to nonmajor federal financial assistance programs (this report may be combined with report number 6).

8. Compliance with general requirements for both major and nonmajor federal financial assistance programs.

9. The financial information submitted via the Internet to HUD's Real Estate Assessment Center (REAC).

In the required report[s] on internal controls, the Auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. In addition, the following conditions shall be considered reportable:

Reportable conditions that are also material weaknesses shall be identified as such in the report.

Nonreportable conditions discovered by the Auditors shall be reported in a separate letter to management, which shall be referred to in the report[s] on internal controls.

The reports on compliance shall include all instances of noncompliance.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts, or indications of illegal acts of which they become aware to the following parties:

Board of Supervisors of the County of Los Angeles
Executive Director, Community Development Commission
Financial Management Director, Community Development Commission

Reporting to Commission management. Auditors shall assure themselves that the Commission's management is informed of each of the following:

1. The Auditor's responsibility under generally accepted auditing standards

2. Significant accounting policies

3. Management judgments and accounting estimates

4. Significant audit adjustments

5. Other information in documents containing audited financial statements

6. Disagreements with management

7. Management consultation with other accountants

8. Major issues discussed with management prior to retention

9. Difficulties encountered in performing the audit

E. Special Requirements

1. The basic financial statements of the Commission are included as a component unit of the financial statements of the County of Los Angeles. It is anticipated that the Auditor will not be required to provide special assistance to the County of Los Angeles' Auditors.

2. The Commission will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the Auditor will be required to provide necessary assistance to the Commission to meet the requirements of that program.

3. The Commission has determined that the United States Department of Housing and Urban Development will function as the cognizant agency in accordance with the provisions of the Single Audit Act of 1996, OMB Circular No. A-133 and other documents as described in Section 2 C.

4. The schedule of federal financial assistance and related Auditor's report, as well as the reports on the internal controls and compliance are not to be included in the comprehensive annual financial report, but are to be issued separately.

F. Working Paper Retention and Access to Working Papers

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

Community Development Commission

Board of Commissioners of the Community Development Commission

U.S. General Accounting Office (GAO)

Parties designated by the federal or state governments or by the Commission as part of an audit quality review process

Auditors of entities of which the Commission is a subrecipient of grant funds

Auditors of entities of which the Commission is a component unit

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

3.0 TIME REQUIREMENTS

A. Date Audit May Commence

The Commission will have all records ready for audit and all management personnel available to meet with the firm's personnel as of August 26, 2005. The Commission will also provide the necessary records and documentation to complete the interim work scheduled in June.

B. Schedule for the 2004-2005 Fiscal Year Audit (A similar time schedule will be developed for audits of future fiscal years).

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

1. Interim Work

The Auditor shall complete interim work by July 15, 2005.

2. Detailed Audit Plan

The Auditor shall provide Commission by July 31, 2005 both a detailed audit plan and a list of all schedules to be prepared by the Commission.

3. Fieldwork

The Auditor shall complete all fieldwork by October 14, 2005.

4. Draft Reports

The Auditor shall have drafts of the audit report[s] and recommendations to management available for review by the Director of Financial Management by October 7, 2005.

C. Entrance Conferences, Progress Reporting and Exit Conferences (A similar time schedule will be developed for audits of future fiscal years).

At a minimum, the following conferences should be held by the dates indicated on the schedule:

	Week of
Entrance conference with all key finance division personnel	June 21, 2005

- The purpose of this meeting will be to discuss prior audit problems and the interim work to be performed. This meeting will also be used

to establish overall liaison for the audit and to make arrangements for workspace and other needs of the Auditor

Progress conference with Director of Financial Management and department heads of key offices or programs — July 21, 2005

- The purpose of this meeting will be to summarize the results of the preliminary review and to identify the key internal controls or other matters to be tested, as well as discuss the year-end work to be performed.

Entrance conference with Director of Financial Management to commence year-end audit work — August 26, 2005

Exit conference with Director of Financial Management and department heads of key offices or programs — October 21, 2005

-The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.

In addition, the Auditor shall provide bi-weekly, oral or written reports while performing fieldwork on the progress of the audit on the following dates:

D. Date Final Report is Due

The Auditor shall prepare draft financial statements, notes and all required supplementary schedules by October 7, 2005. The Auditor shall provide all recommendations, revisions and suggestions for improvement to the Director of Financial Management by October 21, 2005.

The Director of Financial Management will complete his review of the draft report as expeditiously as possible. During that period, the Auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to the Director of Financial Management within fifteen working days. It is anticipated that this process will be completed and the final report delivered by November 15, 2005.

The final reports, as specified below and signed copies should be delivered to Yui Cheng, Director of Financial Management at 2 Coral Circle, Monterey Park, CA 91755.

	# of copies
Comprehensive Annual Financial Report	1 copy*
Redevelopment	50 copies
Single Audit	75 copies
HUD Close Out Audit Reports	20 copies

Community Based Organizations Audit Reports	6 copies
Rental Housing Construction Programs Audit Reports	20 copies
Intra County Housing Corporation	20 copies
Housing Development Corporation	20 copies

*- quality of document = camera-ready on 8 1/2 x 11 sheets and a MS Word file on disk for computer input

4.0 ASSISTANCE TO BE PROVIDED BY THE COMMISSION TO THE AUDITOR AND REPORT PREPARATION

A. Finance Division and Clerical Assistance

The Finance Division staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of Commission. In addition clerical support will be made available to the Auditor for the preparation of routine letters and memoranda.

The Commission's accounting personnel may provide some assistance to the audit firm during the course of the audit. Cooperation may be expected in answering questions relative to the preparation of schedules. Specific tasks to be performed by Commission staff and audit staff will be identified during contract negotiations.

B. Electronic Data Processing (EDP) Assistance

The EDP personnel will be available to assist the Auditor in performing the engagement.

EDP personnel will also be available to provide systems documentation and explanations. The Auditor will be provided computer time and the use of the Commission's computer hardware and software. Use of this resource is limited to access for the purposes of performing the audit only.

C. Work Area, Telephones, Photocopying and FAX Machines

The Commission will provide the Auditor with reasonable workspace, desks and chairs. The Auditor will also be provided with access to one telephone line, photocopying facilities and FAX machines subject to certain restrictions:

D. Report Preparation

Report preparation, editing and printing (camera-ready) shall be both the responsibility of the Commission and the Auditor.

ATTACHMENT B

FEE SCHEDULE

Cost Proposal

It is most apparent that the Commission officials and management are very cognizant of their responsibilities to manage their public resources and to obtain value exchange for their resources. Value is much more than out-of-pocket costs. It includes the effective use of the Commission personnel, qualitative evaluations of advice, counsel, and service, and a return on investment. In evaluating our fees we ask you consider the following factors in establishing the degree of value we might add to the Commission:

- ❑ The Commission's needs when compared against our demonstrated engagement team resources
- ❑ Our efficient audit methodology, precise focus and degree of audit coverage.
- ❑ Our proven abilities to deliver timely, quality advice counsel and service.

The prices includes all costs necessary to successfully complete the scope of work and deliverables defined in the Statement of Work, including but not limited to printing, postage, travel and per diem.

Summary of Cost is as follows:

		2004-2005		2005-2006		2006-2007	
Classification of Staff	Total Hours	Hourly Rate	Total Proposed Fee	Hourly Rate	Total Proposed Fee	Hourly Rate	Total Proposed Fee
Partner	59	$ 163.43	$ 9,642	168.33	$ 9,931	173.38	$ 10,229
Manager	144	$ 125.30	18,043	129.06	$ 18,585	132.93	$ 19,142
Supervisor	425	$ 103.50	43,988	106.61	$ 45,309	109.81	$ 46,669
Staff	463	$ 70.82	32,790	72.94	$ 33,771	75.13	$ 34,784
Subtotal	1091		$ 104,463		$ 107,597		$ 110,824
Out of Pocket Cost			1,500		1,500		1,500
Less Discount			(5,963)		(4,097)		(2,324)
Total			$ 100,000		$ 105,000		$ 110,000

We herby certify that ***Gilbert R. Vasquez**, Managing Partner is entitled to represent the firm, empowered to submit the bid and is authorized to sign a contract with the Commission.*

Gilbert R. Vasquez, Managing Partner
Authorized Signer's Name/Title

Authorized Signature

August 12, 2004
Date

ATTACHMENT C

REQUIRED CONTRACT FORMS

FEDERAL LOBBYIST REQUIREMENTS CERTIFICATION

Name of Firm: Vasquez & Company LLP Date: 08/12/2004

Address: 510 W. Sixth Street, Suite 400

State: CA Zip Code: 90014 Phone No.: (213) 629-9094

Acting on behalf of the above named firm, as its Authorized Official, I make the following Certification to the Department of Housing and Urban Development (HUD) and the Community Development Commission, County of Los Angeles:

1) No Federal appropriated funds have been paid, by or on behalf of the above named firm to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of and Federal grant, loan or cooperative agreement, and any extension, continuation, renewal, amendment, or modification thereof, and;

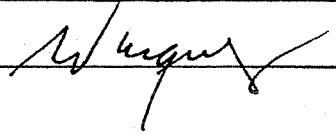
2) If any funds other than Federal appropriated funds have paid or will be paid to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant loan, or cooperative agreement, the above named firm shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions, and:

3) The above name firm shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreement) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into the transaction imposed by Section 1352 Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Authorized Official:

Name: Gilbert R. Vasquez, CPA Title: Managing Partner

Signature:  Date: 08/12/2004

COMMUNITY BUSINESS ENTERPRISE (CBE) PROGRAM
QUALIFICATION DECLARATION

Non-minority business, in addition to minority, women-owned and disadvantaged business enterprises are requested to complete this form for the purpose of providing statistical information to the Community Development Commission. Please indicate the status of the controlling interest in your firm. Also, please complete the "Firm's Ethnicity Composition" document. Failure to submit these declarations will have no bearing on the award of contracts.

NAME OF FIRM: Vasquez & Company LLP

CONTROLLING INTEREST (X APPROPRIATE BOX)

( ) BLACK AMERICAN	(X) HISPANIC AMERICAN
( ) ASIAN AMERICAN	( ) FEMALE
( ) AMERICAN INDIAN AND	( ) OTHER MINORITY_____
( ) ALASKAN-NATIVE	( ) NON-MINORITY

(A) BLACK AMERICAN - A PERSON HAVING ORIGINS IN ANY OF THE BLACK RACIAL GROUPS OF AFRICA;

(B) HISPANIC AMERICAN - A PERSON OF SPANISH OR PORTUGUESE CULTURE WITH ORIGINS IN MEXICO, SOUTH OR CENTRAL AMERICA OR THE CARIBBEAN ISLANDS, REGARDLESS OF RACE;

(C) ASIAN AMERICAN- A PERSON HAVING ORIGINS IN ANY OF THE ORIGINAL PEOPLES OF THE FAR EAST, SOUTHWEST ASIA, THE INDIAN SUBCONTINENT, OR THE PACIFIC ISLANDS;

(D) AMERICAN INDIAN AND ALASKAN NATIVE - A PERSON HAVING ORIGINS IN ANY OF THE ORIGINAL PEOPLES OF NORTH AMERICA;

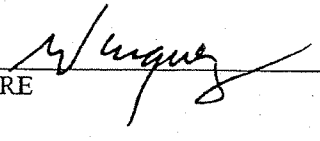
(E) OTHER MINORITY - MEMBERS OF OTHER GROUPS, OR OTHER INDIVIDUALS FOUND TO BE ECONOMICALLY AND SOCIALLY DISADVANTAGED BY THE U.S. SMALL BUSINESS ADMINISTRATION UNDER SECTION 8(A) OF THE SMALL BUSINESS ACT, AS AMENDED (A5 U.S.C. 637 (A)) OR ANY SUCCESSOR FEDERAL STATUTE.

(F) FEMALE

(G) NON-MINORITY

To qualify as a minority/woman-owned business controlled by one or more of the above-noted groups, at least 51 percent of the business must actually and legally be owned by minorities or women. In addition, the active management and daily operations of the firm must be controlled by one or more of these individuals.

The undersigned declare that the information contained herein is true and correct to the best of his/her knowledge.

SIGNATURE  DATE 08/12/2004

FIRM'S ETHNICITY COMPOSITION

The following information is for statistical purposes only. If you will be utilizing subcontractors on the job, please copy and forward this document to them for completion also.

I DECLINE TO RELEASE THIS INFORMATION AT THIS TIME.

COMPANY NAME

TITLE

(*) Is your firm declared to be of Minority or Woman Ownership? YES NO
If yes, please indicate Minority Group: Hispanic

(**) Is your firm recognized as Disadvantaged by the U.S. Small Business Administration? YES NO

Please give the minority status of all your employees.

TOTAL NUMBER OF EMPLOYEES:	31
TOTAL NUMBER OF MINORITIES:	30
TOTAL NUMBER OF WOMEN:	20
TOTAL NUMBER OF NON-MINORITIES:	1

PERCENT OF MINORITIES: 96% PERCENT OF WOMEN: 65%

Vasquez & Company
COMPANY NAME

Managing Partner
TITLE

(*) To qualify as a Community Business Enterprise (CBE), at least 51 percent of the business must actually and legally be owned by minorities or women. In addition, the active management and daily operations of the firm must be controlled by one or more of these individuals. CBE firms must also be a domestic corporation with its home office located in the United States, which is not a branch or subsidiary of a foreign corporation or other business. Minority groups include, but are not limited to, Black Americans, Hispanic Americans, Native Americans, Asian Americans and other minorities.

(**) Disadvantaged Businesses (DBE) are firms determined to be economically and socially disadvantaged by the U.S. Small Business Administration under Section 8 (A) of the Small Business Act, as amended (A5 U.S.C. 637 (A)) or any successor Federal statute. Non-profit organizations must also provide the minority/women composition of its Board of Directors.

VENDOR'S EQUAL EMPLOYMENT OPPORTUNITY CERTIFICATION

Vasquez & Company LLP
Vendor's Name

510 W 6th St., Ste 400, LA, CA 90014
Address

33-0700332
Internal Revenue Service Employer Identification Number

GENERAL

The Contractor 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, the State of California, and all local ordinances. The Contractor further certifies that all subcontractors, suppliers, vendors and distributors with whom the Contractor has a contractual relationship are also in compliance with all applicable federal, state and local anti-discriminatory laws.

VENDOR'S CERTIFICATION

1. The vendor has a written policy statement prohibiting discrimination in all phases of employment.

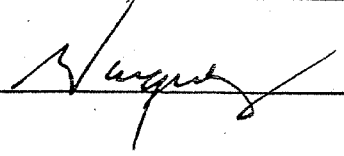
2. The vendor periodically conducts a self-analysis or utilization analysis of its work force.

3. The vendor has a system for determining if its employment practices are discriminatory against protected groups.

4. Where problem areas are identified in employment practices, the vendor has a system for taking reasonable corrective action, to include establishment of goals of timetables.

Authorized Official:

Name: Gilbert R. Vasquez, CPA Title: Managing Partner

Signature:  Date: 08/12/2004

Vasquez
& Company LLP
Certified Public Accountants and Business Consultants

AFFIDAVIT OF NON-COLLUSION

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

Gilbert R. Vasquez, Managing Partner, being first duly sworn, deposes and says:

That he is Managing Partner Of Vasquez & Company LLP;
(Name of Partner of Officer of the Firm) (Name of Firm)

That the party making the foregoing proposal, that such proposal, is genuine and not collusive of sham; that said vendor has not colluded, conspired, connived or agreed, directly or indirectly, with any vendor or person, to put in a sham proposal, and has not in any manner, directly or indirectly, sought by agreement or collusion, or communication or conference, with any person, to fix the proposal price of affiant or any other vendor, or to fix any overhead, profit or cost element of said proposal price, or of that of any other vendor, or to secure any advantage against any person interesting in the proposed contract; and that all statements in said proposal are true.

Signature of Partner of Officer:

FOR USE BY PUBLIC NOTARY

ROBERT JAY BRYANT
Commission # 1481853
Notary Public - California
Los Angeles County
My Comm. Expires Apr 9, 2008

SUBSCRIBED and SWORN to before me

This 11 day if August, 2004

My commission expires on 4/9, 2008.

COUNTY OF LOS ANGLES CONTRACTOR EMPLOYEE JURY SERVICE PROGRAM
APPLICATION FOR EXCEPTION AND CERTIFICATION FORM

The County's solicitation for this contract/purchase order (Request for Proposal or Invitation for Bid) is subject to the County of Los Angeles Contractor Employee Jury Service Program (Program) (Los Angeles County Code, Chapter 2.203). All bidders or proposers, whether a contractor or subcontractor, must complete this form to either 1) request an exception from the Program requirements or 2) certify compliance. Upon review of the submitted form, the County department will determine, in its sole discretion, whether the bidder or proposer is excepted from the Program.

Company Name:	Vasquez & Company LLP		
Company Address:	510 W. 6th St., Ste 400		
City:	Los Angeles	**State:** CA	**Zip Code:** 90014
Telephone Number:	(213) 629-9094		
Solicitation For (Type of Goods or Services):	Services		

If you believe the Jury Service Program does not apply to your business, check the appropriate box in Part I (attach documentation to support your claim); or, complete Part II to certify compliance with the Program. Whether you complete Part I or Part II, please sign and date this form below.

Part I: Jury Service Program Is Not Applicable to My Business

- ☐ My business does not meet the definition of "contractor," as defined in the Program as it has not received an aggregate sum of $50,000 or more in any 12-month period under one or more County contracts or subcontracts (this exception is not available if the contract/purchase order itself will exceed $50,000). I understand that the exception will be lost and I must comply with the Program if my revenues from the County exceed an aggregate sum of $50,000 in any 12-month period.

- ☐ My business is a small business as defined in the Program. It 1) has ten or fewer employees; and, 2) has annual gross revenues in the preceding twelve months which, if added to the annual amount of this contract, are $500,000 or less; and, 3) is not an affiliate or subsidiary of a business dominant in its field of operation, as defined below. I understand that the exemption will be lost and I must comply with the Program if the number of employees in my business and my gross annual revenues exceed the above limits.

"**Dominant in its field of operation**" means having more than ten employees, including full-time and part-time 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.

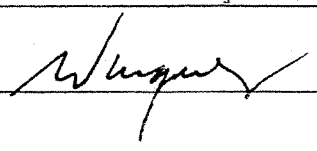
- ☐ My business is subject to a Collective Bargaining Agreement (attach agreement) that expressly provides that it supersedes all provisions of the Program.

OR

Part II - Certification of Compliance

- ☑ My business has and adheres to a written policy that provides, on an annual basis, no less than five days of regular pay for actual jury service for full-time employees of the business who are also California residents, or my company will have and adhere to such a policy prior to award of the contract.

I declare under penalty of perjury under the laws of the State of California that the information stated above is true and correct.

Print Name: Gilbert R. Vasquez, CPA	**Title:** Managing Partner
Signature: 	**Date:** 08/12/2004

Form **W-9**
(Rev. January 2003)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Print or type See Specific Instructions on page 2.

Name
Vasquez & Company LLP

Business name, if different from above

Check appropriate box: ☐ Individual/ Sole proprietor ☐ Corporation ☒ Partnership ☐ Other ▶ ..... ☐ Exempt from backup withholding

Address (number, street, and apt. or suite no.)
510 W. 6th St., Ste 400

Requester's name and address (optional)
Community Development Comm.

City, state, and ZIP code
Los Angeles, CA 90014

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). **However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3.** For other entities, it is your employer identification number (EIN). If you do not have a number, see **How to get a TIN** on page 3.

Note: *If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.*

Social security number
| | | | | | | | | |

or

Employer identification number
3 3 - 0 7 0 0 3 3 2

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

Sign Here Signature of U.S. person ▶ [signature] Date ▶ 08/12/2004

Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

Note: *If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.*

Foreign person. If you are a foreign person, use the appropriate Form W-8 (see **Pub. 515,** Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

ATTACHMENT D

REQUIRED CONTRACT NOTICES

LISTING OF CONTRACTORS DEBARRED IN LOS ANGELES COUNTY

Vendor Name:	Shobie Enterprises DBA Seahawk Construction	
Principal Owners:	Shamir Ahmad Qazi	
Debarment Start Date:	April 30, 2002	Debarment End Date: April 30, 2005

Vendor Name:	Automation Data Solutions	
Principal Owners:	Renee Setero	
Debarment Start Date:	March 4, 2003	Debarment End Date: March 3, 2006

Vendor Name:	2X, Inc. a.k.a. LA Internet, Inc., 2X Access Internet Business International (Referred to collectively as "LA Internet"	
Principal Owners:	Ken Reda Albert Reda Louis Cherry	
Debarment Start Date:	September 9, 2003	Debarment End Date: September 8, 2006

Listing as of: 9/9/03

Department of the Treasury
Internal Revenue Service

Notice 1015

(Rev. December 2003)

Have You Told Your Employees About the Earned Income Credit (EIC)?

What Is the EIC?

The EIC is a refundable tax credit for certain workers.

A change to note. Workers cannot claim the EIC if their 2003 investment income (such as interest and dividends) is over $2,600.

Which Employees Must I Notify About the EIC?

You must notify each employee who worked for you at any time during the year and from whom you did not withhold income tax. However, you do not have to notify any employee who claimed exemption from withholding on Form W-4, Employee's Withholding Allowance Certificate.

Note: *You are encouraged to notify each employee whose wages for 2003 are less than $34,692 that he or she may be eligible for the EIC.*

How and When Must I Notify My Employees?

You must give the employee one of the following:

- The IRS Form W-2, Wage and Tax Statement, which has the required information about the EIC on the back of Copy B.
- A substitute Form W-2 with the same EIC information on the back of the employee's copy that is on Copy B of the IRS Form W-2.
- Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC).
- Your written statement with the same wording as Notice 797.

If you are required to give Form W-2 and do so on time, no further notice is necessary if the Form W-2 has the required information about the EIC on the back of the employee's copy. If a substitute Form W-2 is given on time but does not have the required information, you must notify the employee within 1 week of the date the substitute Form W-2 is given. If Form W-2 is required but is not given on time, you must give the employee Notice 797 or your written statement by the date Form W-2 is required to be given. If Form W-2 is not required, you must notify the employee by February 9, 2004.

You must hand the notice directly to the employee or send it by First-Class Mail to the employee's last known address. You will not meet the notification requirements by posting Notice 797 on an employee bulletin board or sending it through office mail. However, you may want to post the notice to help inform all employees of the EIC. You can get copies of the notice by calling 1-800-829-3676, or from the IRS website at **www.irs.gov**.

How Will My Employees Know If They Can Claim the EIC?

The basic requirements are covered in Notice 797. For more detailed information, the employee needs to see the 2003 instructions for Form 1040, 1040A, 1040EZ, or Pub. 596, Earned Income Credit (EIC).

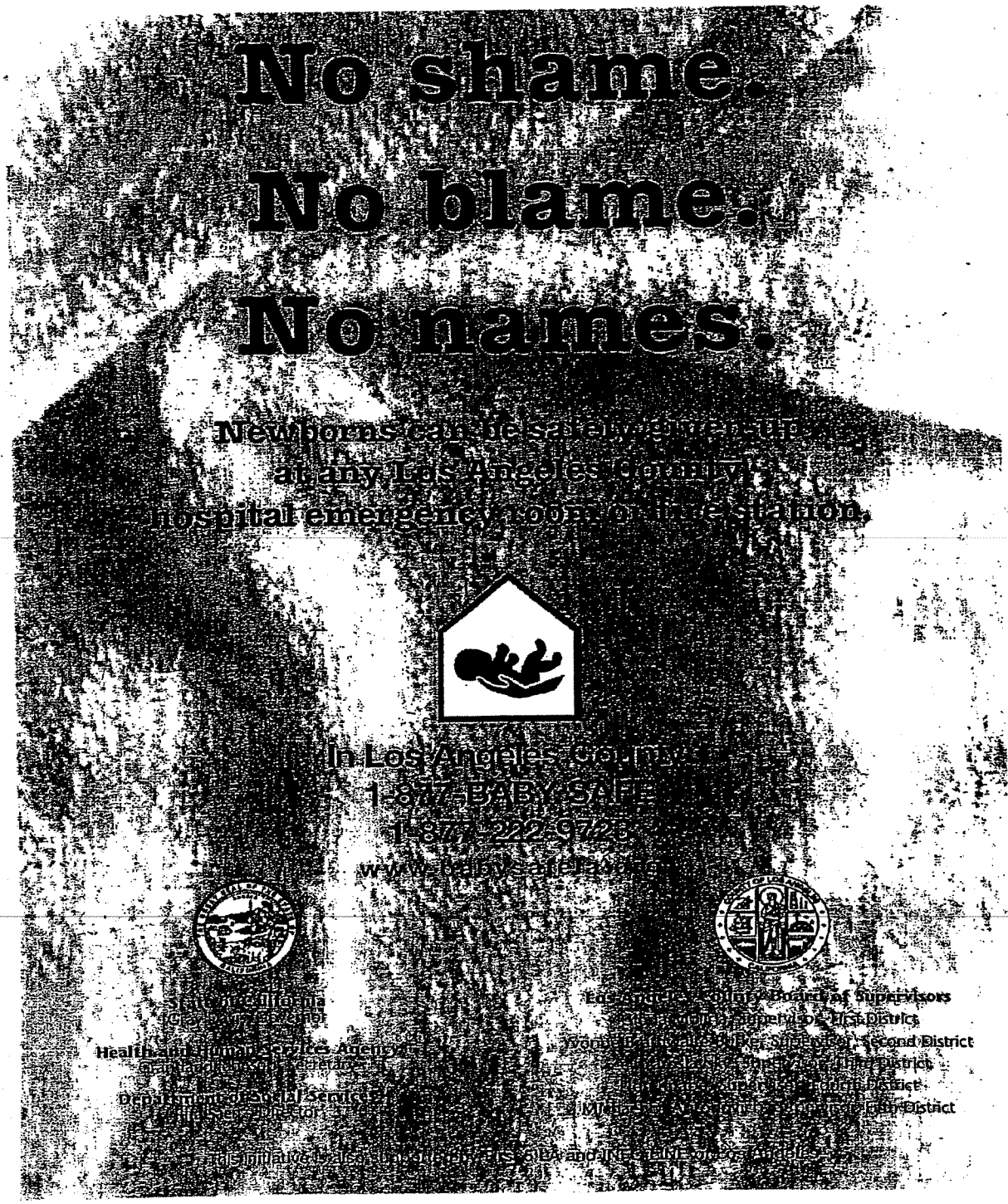
How Do My Employees Claim the EIC?

Eligible employees claim the EIC on their 2003 tax return. Even employees who have no tax withheld from their pay or owe no tax can claim the EIC and get a refund, but they must file a tax return to do so. For example, if an employee has no tax withheld in 2003 and owes no tax but is eligible for a credit of $791, he or she must file a 2003 tax return to get the $791 refund.

How Do My Employees Get Advance EIC Payments?

Eligible employees who expect to have a qualifying child for 2004 can get part of the credit with their pay during the year by giving you a completed Form W-5, Earned Income Credit Advance Payment Certificate. You must include advance EIC payments with wages paid to these employees, but the payments are not wages and are not subject to payroll taxes. Generally, the payments are made from withheld income, social security, and Medicare taxes. For details, see **Circular E (Pub. 15)**, Employer's Tax Guide.

Cat. No. 20599I


No shame.
No blame.
No names.
Newborns can be safely given up
at any Los Angeles County
hospital emergency room or fire station.
In Los Angeles County
1-877-BABY-SAFE
1-877-222-9723
www.babysafela.org
State of California
Health and Human Services Agency
Department of Social Services
Los Angeles County Board of Supervisors
Yvonne B. Burke, Supervisor, First District
Zev Yaroslavsky, Supervisor, Second District
Gloria Molina, Supervisor, Third District
Michael D. Antonovich, Supervisor, Fifth District

What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents to give up their baby confidentially. As long as the baby has not been abused or neglected, parents may give up their newborn without fear of arrest or prosecution.

How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially and safely give up a baby within three days of birth. The baby must be handed to an employee at a Los Angeles County emergency room or fire station. As long as the child shows no signs 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, workers 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.

What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their newborns 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?

In most cases, a parent will bring in the baby. The law allows other people to bring in the baby if they have legal custody.

Does the parent have to call before bringing in the baby?

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

Does a parent have to tell anything to the people taking the baby?

No. However, hospital personnel will ask the parent to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the child. Although encouraged, filling out the questionnaire is not required.

What happens to the baby?

The baby will be examined and given medical treatment, if needed. Then the baby will be placed in a pre-adoptive home.

What happens to the parent?

Once the parent(s) has safely turned over the baby, they are free to go.

Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned by their parents and potentially being hurt or killed. You may have heard tragic stories of babies left in dumpsters or public bathrooms. The parents who committed these acts 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 nowhere to turn for help, they abandoned their infants. Abandoning a baby puts the child in extreme danger. It is also illegal. Too often, it results in the baby's death. Because of the Safely Surrendered Baby Law, this tragedy doesn't ever have to happen in California again.

A baby's story

At 8:30 a.m. on Thursday, July 25, 2002, a healthy newborn baby was brought to St. Bernardine Medical Center in San Bernardino under the provisions of the California Safely Surrendered Baby Law. As the law states, the baby's mother did not have to identify herself. When the baby was brought to the emergency room, he was examined by a pediatrician, who determined that the baby was healthy and doing fine. He was placed with a loving family while the adoption process was started.

Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a newborn, let her know there are other options.

It is best that women seek help to receive proper medical care and counseling while they are pregnant. But at the same time, we want to assure parents who choose not to keep their baby that they will not go to jail if they deliver their babies to safe hands in any Los Angeles County hospital ER or fire station.

Sin pena.
Sin culpa.
Sin peligro.

Los recién nacidos pueden ser entregados en forma segura en la sala de emergencia de cualquier hospital o en un cuartel de bomberos del Condado de Los Angeles.

En el Condado de Los Angeles:

1-877-BABY SAFE

1-877-22-9723

www.babysafela.org

Agencia de Servicios para Niños del Condado de Los Angeles

Departamento de Salud Pública del Condado de Los Angeles

¿Qué es la Ley de Entrega de Bebés Sin Peligro?
La Ley de Entrega de Bebés Sin Peligro de California permite a los padres entregar a su recién nacido confidencialmente. Siempre que el bebé no haya sufrido abuso ni negligencia, padres pueden entregar a su recién nacido sin temor a ser arrestados o procesados.

¿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 del nacimiento. El bebé debe ser entregado a un empleado de una sala de emergencias o de un cuartel de bomberos del Condado de Los Angeles. 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 recibirá un brazalete igual.

¿Qué pasa si el padre/madre desea recuperar a su bebé?
Los padres que cambien de opinión pueden empezar 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 Angeles, al 1-800-540-4000.

¿Sólo los padres podrán llevar al recién nacido?
En la mayoría de los casos, los padres son los que llevan al bebé. La ley permite que otras personas lleven al bebé si tienen la custodia legal del menor.

¿Los padres deben llamar antes de llevar al bebé?
No. El padre/madre puede llevar a su bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, mientras que entregue a su bebé a un empleado del hospital o de un cuartel de bomberos.

¿Es necesario que el padre/madre diga algo a las personas que reciben al bebé?
No. Sin embargo, el personal del hospital le pedirá que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para los cuidados que recibirá el bebé. Es recomendado llenar este cuestionario, pero no es obligatorio hacerlo.

¿Qué ocurrirá con el bebé?
El bebé será examinado y, de ser necesario, recibirá tratamiento médico. Luego el bebé se entregará a un hogar preadoptivo.

¿Qué pasará con el padre/madre?
Una vez que los padres hayan entregado a su bebé en forma segura, serán libres de irse.

¿Por qué California hace esto?
La finalidad de la Ley de Entrega de Bebés Sin Peligro es proteger a los bebés del abandono por parte de sus padres y de la posibilidad de que mueran o sufran daños. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Es posible que los padres que cometieron estos actos hayan estado atravesando dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus recién nacidos porque tenían miedo y no tenían adonde recurrir para obtener ayuda. El abandono de un recién nacido lo pone en una situación de peligro extremo. Además es ilegal. Muy a menudo el abandono provoca la muerte del bebé. Ahora, gracias a la Ley de Entrega de Bebés Sin Peligro, esta tragedia ya no debe suceder nunca más en California.

Historia de un bebé
A las 8:30 a.m. del jueves 25 de julio de 2002, se entregó un bebé recién nacido saludable en el St. Bernardine Medical Center en San Bernardino, en virtud de las disposiciones de la Ley de Entrega de Bebés Sin Peligro. Como lo establece la ley, la madre del bebé no se tuvo que identificar. Cuando el bebé llegó a la sala de emergencias, un pediatra lo revisó y determinó que el bebé estaba saludable y no tenía problemas. El bebé fue ubicado con una buena familia, mientras se iniciaban los trámites de adopción.

Cada recién nacido merece una oportunidad de tener una vida saludable. Si alguien que usted conoce está pensando en abandonar a un recién nacido, infórmele qué otras opciones tiene.

Es mejor que las mujeres busquen ayuda para recibir atención médica y asesoramiento adecuado durante el embarazo. Pero al mismo tiempo, queremos asegurarles a los padres que optan por no quedarse con su bebé que no irán a la cárcel si dejan a sus bebés en buenas manos en cualquier sala de emergencia de un hospital o en un cuartel de bomberos del Condado de Los Angeles.