

# OPPORTUNITY RISING

*PERFORMANCE AUDIT SERVICES PROPOSAL FOR*

**SNOHOMISH HEALTH DISTRICT**

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**Mark Steranka, Partner**  
**Colleen Rozillis, Senior Manager**

Moss Adams LLP  
999 Third Avenue, Suite 2800  
Seattle, WA 98104  
(206) 302-6500



MOSSADAMS

Dear Ms. Spence:

We're pleased to present our proposal to provide performance audit services to the Snohomish Health District (District). Our team has an outstanding track record of conducting performance audits for local government clients throughout the western United States. We're confident we provide an approach, team, and dedication that are well aligned with your expectations and needs. Moss Adams offers the District the following benefits:

- **A successful track record in performance audits.** Performance audits are a core competency of our firm. Our team is formally trained in Yellow Book auditing, and we follow these standards throughout when required for our audits. We also utilize a comprehensive evaluation process and work to eliminate surprises along the way. We work collaboratively with our clients to establish mutually understood audit objectives, review findings and verify facts, test the practicality of recommendations, and deliver reports that are respectful of the environment in which our public sector clients operate.
- **Full-service public sector industry group to serve our government clients.** We have a firmwide team of nearly 300 professionals providing services within a group of specialized practices including governments, higher education institutions, not-for-profits, tribal and gaming entities, energy and utility entities, and federal contractors. This team currently serves over 1,500 clients throughout the United States and provides more than 260,000 hours of service to those clients each year. Through our diversified experience, we've worked with nearly every facet of government and have a wealth of best practices to draw from to help our clients enhance functions, operations, management systems, policies, and procedures.
- **Dedicated health care industry experience.** We understand your organization faces complex challenges, which is why more than 2,500 health care companies across the nation rely on us for help with some of their most important business decisions. They appreciate the breadth and depth of our expertise as well as our involvement in local, regional, and national industry associations.
- **A history of being called upon to help governments address challenging issues.** We help our clients improve performance in high-profile situations that require discipline and tact, and we specialize in assessing performance of internal services. Examples include work for numerous cities, County of Maui, Douglas County, Lane County, Pierce, County, San Juan County, and Sonoma County, as well as several state departments.

May 17, 2019

**Pamela Spence**  
*Purchasing Administrator*

**Snohomish Health District**  
3020 Rucker Avenue  
Suite 306  
Everett, WA 98201

May 17, 2019

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Purchasing Administrator

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Everett, WA 98201

- **Independence and objectivity.** We've built a solid reputation for a fair and objective approach to performance audits, as well as being savvy about government business practices. For each performance audit engagement, we bring unbiased views and a fresh look to the situation.
- **A reputation as an established, reputable firm with extensive local resources and expertise.** We're one of the 15 largest accounting and consulting firms in the United States, and serve our clients with a staff of over 3,200 professionals in more than 25 locations around the country. We have over 530 professionals in five full-services offices in the Puget Sound region, including a local office in Everett.

Information about the office from which we'd provide the requested services and the primary point of contact who can commit the firm to the services, pricing, and RFP requirements described in our proposal is provided below:

Requirement	Response
Office address	999 Third Avenue, Suite 2800 Seattle, WA 98104
Point of contact	Colleen Rozillis, PMP – Senior Manager
Phone number	(206) 302-6795
Fax number	(206) 622-9975
Email Address	<a href="mailto:colleen.rozillis@mossadams.com">colleen.rozillis@mossadams.com</a>
Website	<a href="http://www.mossadams.com">www.mossadams.com</a>

We're highly qualified to provide these services, and we firmly believe we offer the kind of special dedication, continuity, and commitment that inspires mutual trust and confidence in projects of this type. Please contact me with any questions. We look forward to the possibility of working with you on this important undertaking. Thanks very much for your consideration.

Sincerely,



**Mark Steranka**  
Partner  
(206) 302-6409  
[mark.steranka@mossadams.com](mailto:mark.steranka@mossadams.com)



**Colleen Rozillis, PMP**  
Senior Manager  
(206) 302-6795  
[colleen.rozillis@mossadams.com](mailto:colleen.rozillis@mossadams.com)

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TAB 1

# Proposal Acknowledgment and Amendments

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# 1. Proposal Acknowledgment/Amendments

Our completed Proposal Acknowledgment form is provided on the following page.



**ATTACHMENT A:**

**PROPOSAL ACKNOWLEDGMENT**

The undersigned agrees that all the terms and conditions of this solicitation and offer may, at the District’s option, be made applicable in any contract issued as a result of this solicitation.

Business Firm's Typed Name:     Moss Adams LLP    

Name and Title of Person  
Authorized to Sign Proposal:     Mark Steranka, Partner    

Signature:     Mark Steranka     Date:     May 17, 2019    

Corporate Attestation or SEAL *here*

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
(Corporate officer other than above)

Name and Title of Person  
Attesting to Authorized Signature:     N/A    

**NAME AND SIGNATURE REQUIREMENTS FOR PROPOSALS AND CONTRACTS**

The correct legal business name of the proposer must be used in all contracts. A trade name (i.e., a shortened or different name under which the firm does business) should not be used when the legal name is different.

Corporations must have names that comply with State Law. The proposer’s signature must conform to the following:

- Where the proposer is a corporation, a corporate seal is required.
- Where the proposer is a partnership, at least one general partner must sign.
- Where the proposer is a sole proprietor, the owner of the company must sign.

**ACKNOWLEDGMENT OF SOLICITATION AMENDMENTS**

**Please note, that it is the proposer’s responsibility to check the District’s website frequently for Addendums, which may impact pricing, this documents requirements, terms and/or conditions. Failure to sign and return an Addendum with your response may result in disqualification of proposal .**

The proposer acknowledges receipt of the following amendment(s) to the solicitation:

Amendment	Q&A #1	Number/Date:	May 7, 2019
Amendment	Q&A #2	Number/Date:	May 10, 2019
Amendment Number/Date:			

**NOTE: THIS FORM MUST BE COMPLETED AND INCLUDED WITH THE PROPOSAL.**

TAB 2

# Identification of Confidential, Proprietary, Commercial Information or Trade Secrets



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## 2. Identification of Confidential, Proprietary Commercial Information or Trade Secrets

This proposal doesn't contain any confidential, proprietary commercial information or trade secrets.



TAB 3

# Work Plan and Project Approach

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## 3. Work Plan and Project Approach

### PROJECT UNDERSTANDING



#### Your Needs

We understand the District is looking for a firm that can demonstrate competency and experience in providing performance audit services for local governments to conduct performance audits on an as-needed basis, in response to requests from the District's Board of Health. The audit services could include financial (accounts payable (AP) and accounts receivable (AR)), contract management, policy, facility, fund balance, overhead, budget monitoring, and budget decision-making. Ultimately, the outcome of these performance audits will establish accountability for implementation of District programs, identify implementable solutions for the future, and reassure the citizens of the communities you serve that District departments and programs are being managed economically, efficiently, and effectively.



#### The Challenge

Local government organizations like the District must continually utilize all available resources in the most effective and efficient manner to meet the needs of the citizens they serve. In order to develop and maintain public trust, county governments must make sure they're being good stewards of public funds by operating safely, transparently, and productively. A county government's success can be hampered by challenges including tight budget and resource constraints; difficulty recruiting, developing, and retaining staff and management; and regulatory changes that can decrease the flexibility of their operating environment.



#### The Solution

Our performance audit services help organizations like the District reduce risks, strengthen controls, and enhance the efficiency and effectiveness of their operations. We take a collaborative approach to our engagements and team with you to achieve these impacts. Our performance audit activities are focused on various facets of your organization, especially the areas most important to the District's success: your people, processes, and systems. We identify opportunities for improvement and help our clients implement those improvements. By comparing your business processes and services with peer best practices and performance trends, we'll provide the District with timely, helpful advice and steps that can be taken to achieve both short-term and long-term improvements. The focus of our performance audit activities for the District will include, but not be limited to, the following areas, programs, and departments:

- Financial (AP and AR)
- Contract management
- Policy
- Facility
- Fund balance
- Overhead
- Budget monitoring
- Budget decision-making

Depending on the program or department being evaluated, performance audit services for the District could be conducted under the following professional standards:

- Federal and state rules and regulations
- Generally Accepted Government Auditing Standards (GAGAS, i.e., the “Yellow Book”)
- Standards for the Professional Practice of Performance Auditing and Local Governmental Units
- The latest American Institute of Certified Public Accountants (AICPA) industry guide: Audits of State and Federal and Washington State rules and regulations
- Government Accounting, Auditing, Financial Reporting (GAAFR)
- The Federal Information System Controls Manual
- The National Institute of Standards and Technology (NIST)
- The Institute of Internal Auditors (IIA)
- Information Systems Audit and Control Association (ISACA)
- International System Security Certification Consortium
- Committee on Sponsoring Organizations (COSO)
- Other applicable regulation or guidelines

## OUR APPROACH

As a result of our extensive performance audit experience, we’ve developed a strong approach and set of tools to support the performance audit process. Components of our approach include the following:

- Tailored audit plan
- Defined methodologies
- Experienced performance auditors
- Document management
- Fieldwork and analysis
- Reporting
- Ongoing client communications
- Strong project oversight and supervision

Our approach will be highly participative in terms of involving appropriate department management and staff throughout each audit. Involvement will include input, critique of the situation, validation of facts, testing the practicality of recommendations, and review of draft and final audit reports. We find this approach highly effective in properly scoping and analyzing pertinent issues and building support for implementing recommendations.

We’ll assess compliance with policies and procedures in effect, and the efficiency of systems in place to verify that compliance. The primary premise behind the analysis will be an assessment of whether performance is in an acceptable “range of economy, efficiency, and effectiveness” and if out of an acceptable range, we’ll determine how significant the impact of underperformance is on costs and resources. Wherever possible, we’ll provide measurable and quantifiable analysis as audit evidence, as well as definitive conclusions related to stated audit objectives.

Our approach and supporting work plan are based on conventional industry practices following standards prescribed by the Comptroller General, as documented in the Yellow Book. Recently added sections of the Yellow Book have been developed to specifically address audit practices that require auditors to follow rigorous internal quality control and peer review procedures. We’re pleased to report that Moss Adams has long followed these precise standards as incorporated in our firm’s internal quality assurance procedures.

## PERFORMANCE AUDIT METHODOLOGY

Moss Adams conducts performance audits with great care, independence, and objectivity. In addition, we bring a solid understanding of the application of best practices. We take adherence to independence standards seriously. Key internal controls are in place to provide high quality, objective products for all performance audits. Internal controls include the following:

<b>INDEPENDENCE</b>	We accept engagements carefully and assign teams with equal care so that no external, personal, or organizational impairments exist in our work.
<b>PROFESSIONAL JUDGMENT</b>	We use careful planning to determine the type of assignment to be performed and the standards that apply to the work. This includes defining the scope of work, selecting a specific methodology, determining the type and amount of evidence to be gathered, and choosing tests and procedures. We also maintain an attitude of professional skepticism, which includes a questioning mind and a critical assessment of evidence. Our standards of professional judgment demonstrate experience and integrity in our performance audit engagements.
<b>COMPETENCE</b>	The proposed staff for our performance audit engagements are well qualified. Our firm has a rigorous continuing professional education program so that all staff who conduct performance audits meet the GAO-specified requirements for education. Our government industry group sponsors an annual education forum, which includes training in relevant areas such as GAGAS, Governmental Accounting Standards Board (GASB) and other public finance standards, IIA standards, AICPA consultancy standards, and firm auditing practices. In addition to rigorous CPE, our proposed staff members work in a supervised environment that fosters the development of experience and professionalism.
<b>QUALITY CONTROL &amp; ASSURANCE</b>	We have a comprehensive process of internal quality control and supervision. All performance audit engagements are assigned to a qualified engagement manager. All deliverables, including workpapers, findings, recommendations, and final reports are processed through a critical quality control review process. In addition to these regular quality control and assurance controls, our firm participates in a regular external peer review process.

Our performance audit methodology will encompass project planning, on-site fieldwork, interviews, documentation of evidence to support our findings, commendations, recommendations for achieving improvements, and a project report that delivers high-impact analysis. Our approach will be executed through the following four phases:

- 1**
- Start-Up and Management.** Project initiation consists of comprehensive, collaborative planning with the District, including determining who to interview, what documents to review, what on-site observations and walk-throughs to perform, when and how best to share results and project status, and project management activities for each engagement.
- 2**
- Fact Finding.** Once the work plan and expectations have been agreed upon for each department or program, we'll conduct our fieldwork, including documentation review, walk-throughs, observations, interviews, and an online survey. Through these methods, we obtain the most current information available and powerful insights from District personnel.
- 3**
- Analysis.** Based on firsthand input gained during phase 2, we'll evaluate the impact, importance, and scope of our findings to develop solution options and recommendations for each department or program. We'll also conduct peer benchmarking to provide comparative data from similar counties, programs, and departments.
- 4**
- Reporting.** In the final phase, we'll conclude each department or program's project by communicating findings and recommendations in both draft and final reports, which typically include a high-level executive summary for non-technical readers, a detailed implementation plan, and a presentation of our final report to the District.

Our proposed project phases and tasks for each department or program’s performance audit are described in greater detail below.

## PHASE 1

### START-UP AND MANAGEMENT

At project initiation, we’ll review the District’s desired project objectives and potential reference points from which to assess performance.

#### *1.1 Initiate Project and Finalize Audit Plan*

We’ll conduct a kickoff meeting with the department to confirm expectations and discuss risks, overall project scope, logistics, deliverables, timing, and progress reporting requirements. We’ll clarify responsibilities of Moss Adams and District personnel, timing of specific project activities, and format of each required deliverable. We’ll establish an interview list, identify stakeholders, and finalize our audit plan. We’ll also confirm the external impacts (regulations, political climate, etc.) that the District wants us to take into consideration.

#### *1.2 Perform Project Management*

We’ll conduct rigorous project management activities for the duration of the engagement. These activities will include providing guidance to the consulting team; coordinating with the District’s project director; working through issues and solving problems; monitoring progress against the approved work plan; and developing, submitting, and discussing progress reports with the District’s project director. We’ll provide status reports to the District at your desired frequency.

#### *1.3 Provide Quality Assurance*

We believe it is important to recognize the need for quality by providing excellent client service and engagement oversight. A partner or senior manager with extensive government experience will review all deliverables before submittal to the District.

#### DELIVERABLES



#### PHASE 1

- Final audit plan
- Interview list
- Monthly status reports

## PHASE 2

### FACT FINDING

Fact finding will encompass document review, interviews, relevant walk-throughs, and an online survey to gather the comprehensive, objective input required to identify opportunities for improvement.

#### *2.1 Review Documentation*

We’ll gather relevant documentation. Examples include annual budgets, policies, management guidelines, standard operating procedures, organizational structure, staffing lists, performance measures, performance reports, and training programs and materials, as well as relevant federal and state programs and requirements that impact the District.

The objectives of documentation review include gaining a sufficient understanding of the operational environment, further defining issues and surrounding facts, and determining relevant compliance requirements. Specific steps include developing a document request list, coordinating document receipt and review, and identifying questions for use during interviews.

### *2.2 Perform Interviews and Walk-Throughs*

We'll conduct interviews with District personnel and key stakeholders. Interviews are at the heart of fact finding, and it's through interviews that we'll gain each person's perspective of the current operating environment, performance, and opportunities for improvements. Interviews will be conducted at multiple levels in each department or program, as well as with selected external stakeholders in order to gain comprehensive input. We'll conduct as many individual interviews as possible and supplement them with small group interviews (where applicable) and conduct an online survey of customers.

Walk-throughs will entail spending time physically walking through operations. This step is more than a tour and includes a "roving interview" during which we'll learn about the details of relevant processes and how the organization operates. Walk-throughs will also allow us to make initial observations to identify important questions and issues that require follow-up.

### *2.3 Administer Online Survey*

When applicable, we'll develop and administer a secure, web-based survey to provide an opportunity to gain input from constituents. We frequently utilize web-based surveys to provide targeted but dispersed audiences a mechanism to provide input. These tools are confidential, cost-effective, and secure. Most importantly, they enable us to expand participation in the performance audit, which provides a broader base of insights to draw from.

### *2.4 Prepare Preliminary Findings*

During and subsequent to data gathering, we'll document our preliminary findings for each unit in the form of "conclusive facts." They'll be written by: 1) documenting the condition or key issue; 2) defining the impact on the organization; and 3) defining analysis required to formulate recommendations.

### *2.5 Present Preliminary Findings*

We'll present preliminary findings to the District. The purpose of sharing preliminary findings is to provide the District a chance to preview findings to verify facts to make sure the basis for each finding is accurate and valid and to avoid surprises. Findings will form the basis for analysis of opportunities for improvement.

<b>DELIVERABLES</b>	<b>PHASE 2</b>
	<ul style="list-style-type: none"><li>● Document request list</li><li>● Optional online survey results summary</li><li>● Preliminary findings</li></ul>

## PHASE 3

### ANALYSIS

The analysis phase moves the study process from findings to assessment. This phase will determine the significance of issues and how best to address them.

### *3.1 Assess Performance*

Based on findings, we'll evaluate each opportunity to improve performance. The audit services could include financial, compliance, operational, investigative, or other types of performance audits. Areas of focus and associated analysis approach will include, but not be limited to, the following:

- Assessing program effectiveness and results
- Economy and efficiency
- Internal controls
- Compliance with legal or other requirements
- Other analysis

### 3.2 Identify Best Practices Through Benchmarking

We'll conduct peer benchmarking to gather relevant information regarding how peers are performing relevant activities, such as responding to federal regulations and requirements. We'll work with each department or program to identify appropriate peers and desired information through:

- Identification of evaluation criteria
- Development of the survey questions
- Application of evaluation criteria to select peers

Our benchmarking process will include contacting selected peers, determining appropriate contacts, securing participation, developing and administering a secure online survey for peers to complete, and conducting follow-up interviews with peers to understand their responses. Through peer benchmarking results, we'll bring best practices to the District to increase efficiency and effectiveness, reduce risks, and strengthen controls.

### 3.3 Prepare Draft Findings and Recommendations

Based on our analysis, we'll update findings and prepare recommendations. Findings and recommendations will be organized by area of audit focus.

### 3.4 Present Draft Findings and Recommendations

Draft findings and recommendations will be presented to the District's project director and department or program management for final fact validation and assessment of the practicality of recommendations.

<b>DELIVERABLES</b>	<b>PHASE 3</b>
	<ul style="list-style-type: none"><li>• Peer benchmarking results</li><li>• Draft findings and recommendations</li></ul>

## PHASE 4

### REPORTING

This phase will result in the delivery and presentation of draft and final reports.

#### 4.1 Submit Draft Report

We'll develop a draft report for review by the District. It will include the necessary level of detail to allow the document to stand on its own and will integrate the study components and include an executive summary; background; objectives, scope, and methodology; commendations; findings and recommendations; and auditee response. Recommendations will build on current strengths and identify how to enhance efficiency and effectiveness. The report will also include the District's auditee response.

#### 4.2 Submit Final Report

Based on feedback from the District, we'll revise the draft report and submit our final report.

#### 4.3 Present Final Report

We'll present the final report to the District. We'll prepare a presentation to facilitate these briefings.

<b>DELIVERABLES</b>	<b>PHASE 4</b>
	<ul style="list-style-type: none"><li>• Draft and final reports</li><li>• Final report presentation</li></ul>

## TIMELINE

We've developed a detailed project schedule that delineates the timing of work components, deliverable milestones, and client presentations. We're able to begin work within two weeks of contract execution. Our proposed project schedule reflects a typical three-to-four-month project duration for projects of this nature and scope. Our proposed schedule is provided below.

Phases and Tasks		Mo 1	Mo 2	Mo 3	Mo 4
<b>PHASE 1: START-UP AND MANAGEMENT</b>					
1.1	Initiate project and finalize audit plan	◆			
1.2	Perform project management	■			
1.3	Provide quality assurance	■			
<b>PHASE 2: FACT FINDING</b>					
2.1	Review documentation	■			
2.2	Perform interviews and walk-throughs	■			
2.3	Administer online survey	■			
2.4	Prepare preliminary findings		■		
2.5	Present preliminary findings		◆		
<b>PHASE 3: ANALYSIS</b>					
3.1	Assess performance		■		
3.2	Identify best practices through benchmarking			■	
3.3	Prepare draft findings and recommendations			■	
3.4	Present draft findings and recommendations				◆
<b>PHASE 4: REPORTING</b>					
4.1	Submit draft report				■
4.2	Submit final report				■
4.3	Present final report				◆

**RESOURCE MANAGEMENT**

Avoiding turnovers not only saves you the time required to train a new engagement team during an audit, but also allows you to focus on what you do best—managing your day-to-day business. By keeping your engagement team consistent from one engagement to the next, we can complete our performance audits in a more efficient and timely manner because the team is already familiar with the District’s operations.

Engagement team continuity is the hallmark of a stable and efficient professional services firm and, with an overall retention rate averaging over 80% firmwide over the past three years, we’re in a strong position to maintain your engagement team continuity.

<b>Group</b>	<b>2018 Retention</b>	<b>2017 Retention</b>	<b>2016 Retention</b>
Client Service Professionals	80.0%	79.6%	81.4%
Administrative Staff	84.6%	87.4%	88.0%

Our policy is to not rotate staff from an engagement team unless absolutely necessary. Typically, this would happen because the staff member left the firm or elected to change his or her professional focus to a different industry group. As our retention statistics indicate, neither situation is very common. Still, if it were to become necessary to change members of your engagement team, we pledge to:

**First**  
Discuss any changes with you first

**Second**  
Replace departing staff members with people of comparable skill and experience

**Third**  
Take all the steps we can to make sure the transition is smooth

TAB 4

# Personnel and Technical Qualifications

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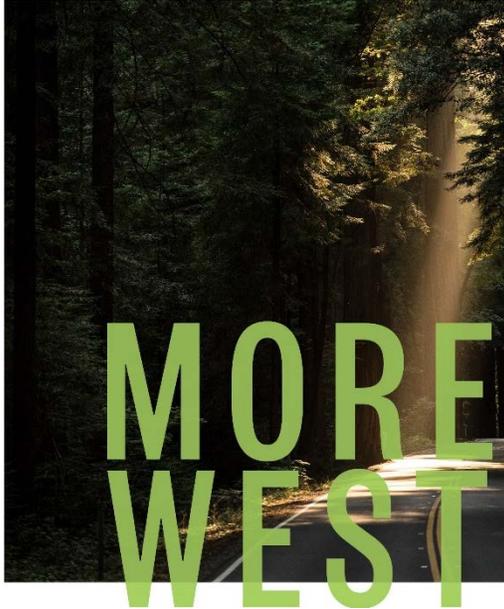


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## 4. Personnel and Technical Qualifications



### ABOUT MOSS ADAMS



Moss Adams is a fully integrated professional services firm dedicated to growing, managing, and protecting prosperity. With over 3,200 professionals across more than 25 locations in the market capitals of the West and beyond, we work with the world's most innovative, dynamic, and promising clients and markets. Through a full spectrum of accounting, consulting, and wealth management services, we bring the deep industry specialization and inspired thinking our mid-market clients seek.

Since we put down roots in the Pacific Northwest more than 100 years ago, we've steadily expanded to serve clients not only in the West, but also across the nation and globally. Our full range of services includes accounting (assurance and tax), consulting (IT, strategy & operations, transactions, and specialty), as well as individual and institutional wealth management.

Moss Adams is one of the 15 largest US accounting and consulting firms and a founding member of Praxity, a global alliance of independent accounting firms providing clients with local expertise in the major markets of North America, South America, Europe, and Asia.

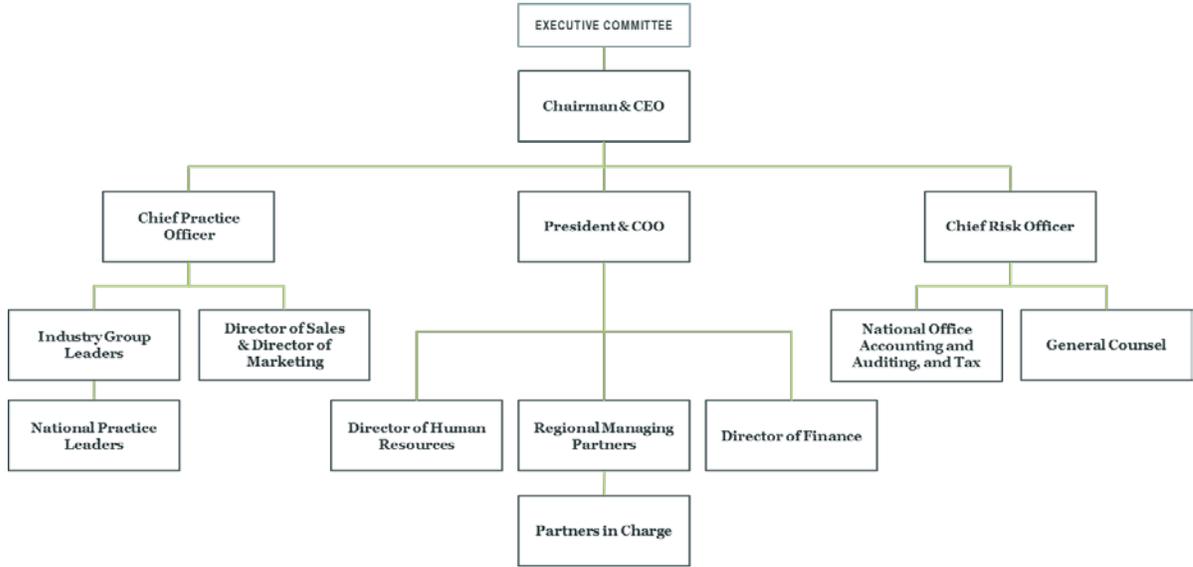
#### **Firm Ownership and Organization Structure**

Moss Adams is organized as a limited liability partnership with more than 340 active partners. Firm business is conducted under the leadership of our chief executive officer, Chris Schmidt; our chief operating officer, Dave Follett; an elected executive committee; regional managing partners; partners in charge of our offices; and many industry chairpersons.

Several additional committees handle specific issues and needs of the firm's business, such as accounting and auditing standards, tax practice, firm training, industry business development, and information services.

Our national office, located in Seattle, Washington, provides certain centralized support services for the firm. Our practice offices have local leadership to help improve opportunities in their local business environment, but offices also work collaboratively to best serve our clients.

## Firm Organizational Chart



## Puget Sound Region Practice

Headquartered in Seattle, we're the largest accounting and consulting firm in the Puget Sound region and have locations in Bellingham, Everett, Seattle, and Tacoma. Our region is comprised of over 550 assurance, tax, and consulting personnel who provide expertise to public and private companies in many industries. This includes health care, not-for-profit and government, construction, real estate, professional services, manufacturing and consumer products, food processing and agriculture, technology, and financial services. It also includes our consulting team that specializes in business consulting, IT consulting, valuations, and litigation.

For clients, the depth of our resources translates to greater regional expertise and a higher degree of consistency in engagement staffing and responsiveness.

## Our Puget Sound Region Presence





## OUR GOVERNMENT EXPERIENCE



You'll receive more effective services from our specialized professionals who have a deep understanding of the pressures you face, like the need for greater efficiency under tight budget constraints. Our significant experience working with tax-exempt organizations means our professionals are more likely to help you spot potential problems, create effective solutions, and understand the industry-specific impacts of today's major disruptors like cybersecurity and globalization, as well as the constant drive to innovate.

Moss Adams has a group of specialized practices with nearly 300 professionals who specialize in serving tax-exempt entities including governments, universities, not-for-profits, tribal and gaming entities, energy and utility entities, and federal contractors. This firmwide team currently serves over 1,500 clients throughout the United States and over the last decade has averaged more than 260,000 hours of service to those clients each year.

Selecting one advisor over another is much easier when a particular firm has experience working with organizations similar to yours in scope or organizational mission. For example, it allows for a clearer understanding of the specific issues you face, what to anticipate when conducting an audit, and how long it will take. This results in a more efficient experience and effective solution for you. Listed below are some organizations our firm serves that are similar to the District.

Representative Local Government Clients		
• Alameda Corridor Transportation District	• City of Roseville	• Multnomah County
• Benton County	• City of San Diego	• Oregon DOT
• Carson City	• City of San Jose	• Pierce County
• City of Abilene	• City of Santa Monica	• Pierce Transit
• City of Albuquerque	• City of Santa Rosa	• Rio Metro Regional Transit
• City of Culver City	• City of Seattle	• San Juan County
• City of Edmonds	• City of Stockton	• Santa Clara Valley Water District
• City of Issaquah	• City/County of San Francisco	• Snohomish County
• City of Los Angeles	• Clallam Transit	• Snohomish County Public Utility District
• City of Lynnwood	• Community Transit	• Sonoma County
• City of Modesto	• Housing Authority of Santa Clara County	• Sound Transit
• City of Mount Vernon	• Idaho Transportation Department	• Spokane Transit
• City of Phoenix	• King County Metro Transit	• Tacoma Public Utilities
• City of Portland	• Lake Stevens Sewer District	• Texas DOT
• City of Redondo Beach	• Lane County	• TriMet
• City of Riverside		



## OUR NATIONAL HEALTH CARE PRACTICE



The District deserves an advisor that's dedicated to the health care industry. For 40 years, that's been us. Health care is one of the firm's largest practice areas, and we've built a strong team of over 275 professionals who provide industry-related accounting, auditing, and consulting services.

More than 2,500 health care clients rely on us for solutions, not just services. We're business advisors to organizations across the health care continuum—from independent practice associations to medical groups, from retirement communities to large long-term care organizations, and from surgery centers to large hospitals and health systems.

And it's not just about dedication—it's also about knowledge. Our professionals receive continuing professional education with a specific health care focus, and our active involvement in your market increases our ability to understand the issues you face and, most important, the best way to address them.

And to keep you up to date on current events in health care, we offer NASBA-accredited webcasts on timely, relevant topics such as health care reform, annual coding and tax updates, and more. In addition, you'll read pertinent articles from our team in both local and national journals and magazines as well as our own publications.

We're also active in dozens of state associations and have partnered with several of them to generate salary and benefits surveys, seminars, publications, and more.



## OUR PERFORMANCE AUDIT EXPERIENCE

Moss Adams operates a full-service government audit and consulting practice that serves state, county, city, tribal, federal, and special purpose district governments. We've been a leader in government performance audits for over 30 years and typically conduct 20 to 30 performance audits each year.

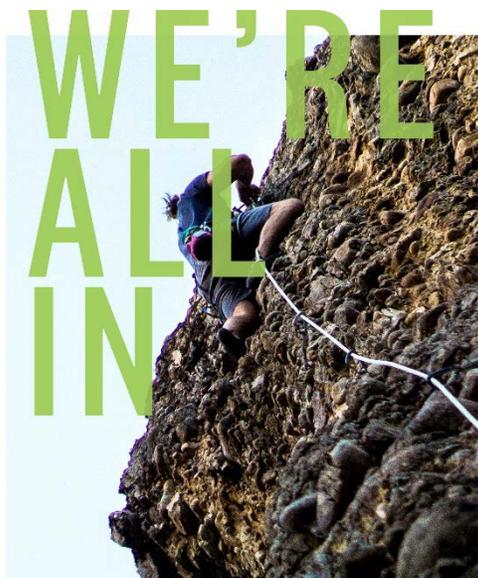
Operational and organizational economy, efficiency, effectiveness audits; regulation, policy, and procedure compliance audits; management reviews; and internal controls assessments are frequent components of the government services we provide. Our team is very knowledgeable of the unique requirements of county governments, and we've earned recognition and an outstanding reputation for our services based on a solid track record and discriminating analysis.

Our performance audit professionals come from government, private industry, and public accounting. Our leadership team is comprised of professionals with more than 25 years of average professional experience. Our firm's training requirements for performance audit staff help make sure that our knowledge remains current, especially for Generally Accepted Government Auditing Standards (GAGAS) engagements.



## YOUR ENGAGEMENT TEAM

### Team Qualifications



Working with the right team of professionals makes all the difference to your engagement. Unlike other firms, which offer limited or no dedicated internal and performance audit resources and, instead, repurpose external auditors to conduct performance audits, with Moss Adams you get a comprehensive, dedicated performance audit team, which enables us to tackle any type of project the District may want us to address. Our team has addressed every facet of local government in our performance audit services.

Our dedicated government performance audit team is comprised of partners, senior managers, managers, seniors, and staff. Our team offers deep experience conducting services in accordance with AICPA consulting standards, IIA standards, and GAGAS. Our team is comprised of professionals with relevant credentials to conduct the District's performance audits. In addition, we

have access to other members of firm who have certifications related to their areas of specific focus, including IT, cybersecurity, health care, and government finance and consulting.

### PROFESSIONAL CERTIFICATIONS



#### OUR INTERNAL AND PERFORMANCE AUDIT TEAM

CPA, CIA, CFE,  
PMP, JD, CCA,  
Research Core Expert (Qualtrics Suite)

#### ADDITIONAL FIRMWIDE RESOURCES

CCSFP, CFF, CISA,  
CISM, CISSP, CITP, CRISC,  
CRMA, CGAP, ACP

### Continuing Professional Education

At Moss Adams, we have a rigorous continuing education expectation in which staff members are regularly enrolled in programs to continuously stay on top of the latest technical updates while increasing their understanding of standards, policies, and trends in the industry. The required continuing professional education (CPE) sessions hosted by our internal learning and development team include the firm's annual industry conference, featuring timely and relevant topics on audits of governments, not-for-profit organizations, higher education institutions, and other tax-exempt entities. Past presenters include representatives from the American Institute of Certified Public Accountants (AICPA), Governmental Accounting Standards Board (GASB), US Office of Management and Budget (OMB), US Government Accountability Office (GAO), and other standard-setting institutions. Our firm's also a member of the AICPA's Government Audit Quality Center (GAQC), which communicates regulatory developments, guidance on best practices, and technical updates.

### Learning and Development Topics

- Annual FASB Update
- Annual GASB Update
- Annual Single Audit Technical Update
- Annual Yellow Book Update
- Auditing Investments, Including Alternative Investments
- Common Financial Reporting Deficiencies
- Compensation Reporting
- Consolidation of Related Entities
- Employee Benefit Plans
- Ethics and Independence
- Executive Compensation
- Fraud Investigation and Forensic Accounting
- Internal Controls
- International Operations, Taxes & Investments
- IRS Form 990 Changes
- Not-for-Profit Tax Issues
- Performance Auditing Overview
- Project Management
- Quality Control
- Risk Assessment
- Sustainability

### Team Member Roles and Organization

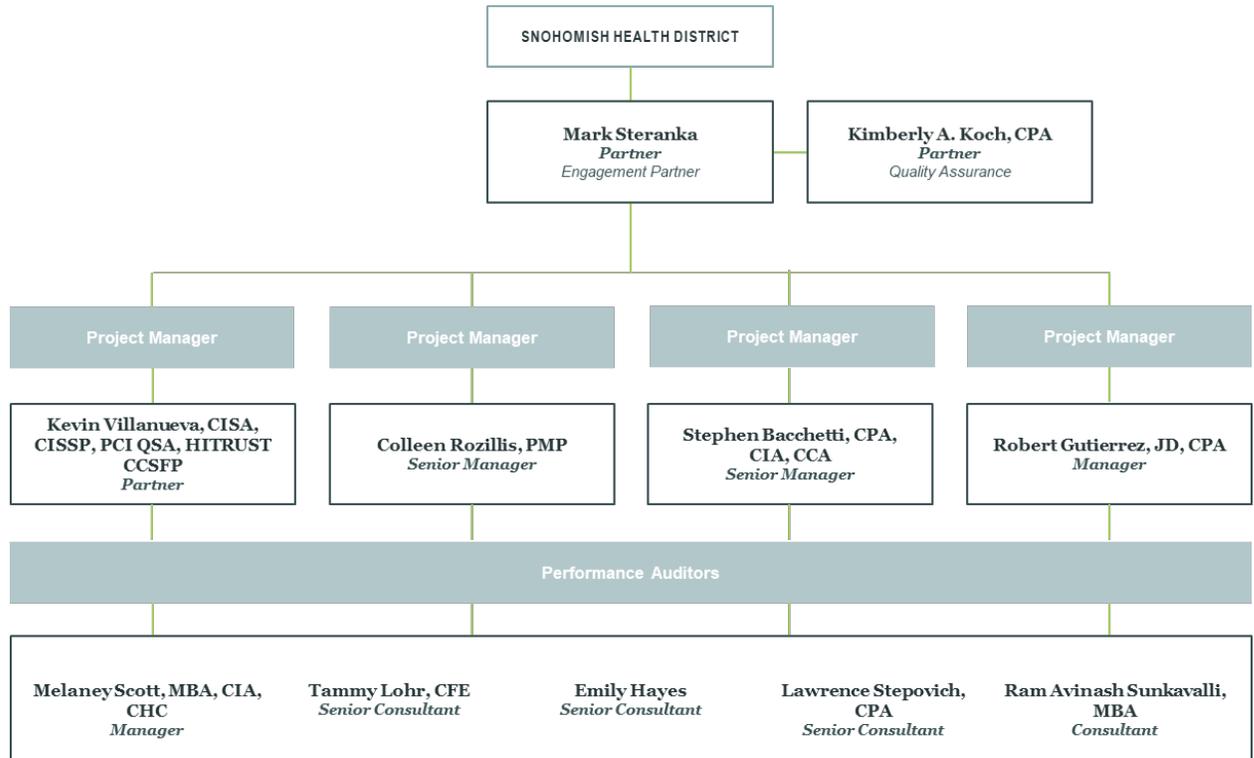
You'll find our team brings an optimistic perspective focused on helping the District explore and embrace opportunities for improvement. We'll personally engage with your team and bring a high level of energy to the engagement. As is the case for our other government performance audit clients, our full team will be dedicated to serving you. Over the course of multiple years, all members of our team work with our clients due to the varied nature of projects we perform for them, including, but not limited to, risk assessments, internal controls reviews, internal controls testing, compliance audits, and performance audits, as well as policy and procedure development, process improvement, development of performance metrics, and training.

Our proposed team composition reflects a robust combination of quality assurance, project management, and performance analysis that leverages the specialized expertise of our team members. We'll customize the team for each performance audit so they're staffed with professionals dedicated to that audit's area of focus, providing significant added value to the District.

Mark Steranka will serve as the District's engagement partner. He'll be responsible for your overall service delivery and quality control over our services and deliverables. Kim Koch, partner, will provide quality assurance. Kevin Villanueva, partner; Colleen Rozillis, senior manager; Stephen Bacchetti, senior manager; and Robert Gutierrez, manager, will serve as project managers depending on the focus of each performance audit. They'll be supported by a talented team of experienced performance auditors.

## Team Organizational Chart

Our dedicated performance audit team organization is provided below, and resumes for each of our team members are provided on the following pages.





*Role: Mark will serve as your engagement partner.*

### **Professional Experience**

Mark offers over 30 years of internal and performance audit and consulting experience. He has worked extensively with local and state governments throughout the United States to evaluate operational economy, efficiency, effectiveness, and compliance with requirements. Engagements he has managed have ranged in size from \$25,000 to \$1 million and have addressed compliance, finance, fraud, governance, management, operations, organization, policies, procedures, and processes. He leads or has led internal and performance audit engagements for cities including Abilene, Anacortes, Burien, Carson City, Culver City, Edmonds, Issaquah, Laguna Nigel, Menlo Park, Modesto, Pasadena, Portland, Redondo Beach, San Jose, Santa Monica, Santa Rosa, Stockton, and West Richland.

Mark has also directed relevant services for local government clients such as the following:

- **States:** Alaska, California, Idaho, Oregon, Washington
- **Counties:** King, Pierce, San Juan, Snohomish, Sonoma
- **Special Purpose Districts:** Community Transit, Lake Stevens Sewer District, North Perry Water District, Poway School District, Richland School District, Santa Clara Valley Water District, Snohomish County PUD No. 1, Tacoma Department of Public Utilities

Mark is experienced reporting to boards, commissions, committees, councils, and executive management and working with citizen committees and stakeholder groups. He's also well versed in designing and facilitating meetings, focus groups, and customer surveys.

### **Professional Affiliations**

- Member, Institute of Internal Auditors
- Member, American Society of Public Administration

### **Education**

- Executive Management Program, University of Washington
- BS, mechanical engineering, University of Notre Dame



*Role: Kimberly will provide quality assurance.*

### **Professional Experience**

Kimberly has practiced public accounting since 2001 and has over 15 years of experience in conducting compliance audits and audits in accordance with Government Auditing Standards. She's one of the five people selected throughout the firm to perform the firm's technical review process for compliance audits and she annually helps develop the firm's tools for compliance audits. Kimberly oversees audits and consulting engagements of numerous government and not-for-profit organizations. She has served government entities, charities, foundations, higher education clients, and research organizations.

Her experience includes timely and efficient completion of engagements, as well as supervising the engagement team, developing the audit plan, understanding and testing internal controls, researching technical areas, and identifying findings and areas for improvement. She regularly presents CPE sessions internally and externally on topics such as compliance auditing, GAGAS, and various accounting topics.

Her client experience includes performance audits, consulting engagements and/or compliance audits or attestation engagements for the California Institute for Regenerative Medicine, Santa Clara Valley Water District, City of Stockton, City of Modesto, University of Alaska, University of Idaho, Boise State University, Idaho State University, Lewis-Clark State College, Claremont McKenna College, Gonzaga University, Universal Service Administrative Co., and Pride Industries.

### **Professional Affiliations**

- Member, American Institute of Certified Public Accountants
- Member, Washington Society of Certified Public Accountants

### **Education**

- BA, business administration – accounting, University of Washington (cum laude)



*Role: Kevin will serve as a project manager.*

### **Professional Experience**

Kevin leads the firm's IT Infrastructure and Security services. He has 15 years of industry specialization with health care, government, not-for-profit, private entity, and higher education clients. His areas of practice include HIPAA security and privacy compliance audits; HITRUST readiness and validation assessments; IT security assessments; penetration testing; PCI DSS assessments; strategic technology planning; disaster recovery and business continuity planning; policies, procedures and documentation development; and project management. In addition, he has designed and conducted technology assessments based on the internationally recognized HIPAA, ISO27001, NIST, and COBIT standards, and has served as technical counsel on hundreds of technology security projects.

Kevin has extensive experience serving clients in the health care industry. Representative clients include Columbia Valley Community Health, Salinas Valley Memorial Healthcare System, Kaweah Delta HealthCare District, Banner Healthcare System, MultiCare Health System, Community Memorial Healthcare System, Episcopal Senior Communities, MedicAlert Foundation (US), MedeAnalytics, Puget Sound Blood Center, SeaMar Community Health Centers, Benefis Health System, CareOregon, Cascadia Behavioral Health, Central Washington Hospital, Compass Health, FirstChoice Health Network, Kadlec Medical Center, Mary Bridge Children's Alliance, Medical Imaging Northwest, Preferred Homecare, Rebound/NW Surgical Specialists, Valley View Hospital, Washington Dental Service, Woodcreek Healthcare, and Yakima Valley Memorial Hospital.

### **Professional Affiliations**

- Member, Information Systems Audit and Control Association

### **Education**

- BS, business administration, Pepperdine University



*Role: Colleen will serve as a project manager.*

### **Professional Experience**

Colleen has over 15 years of experience helping public and private sector organizations improve operations and efficiency by assessing organizational and program effectiveness, and developing and refining performance and level-of-service measures. She works collaboratively with clients to understand their goals and objectives; develop policies, processes, and tools; and define organizational and programmatic changes to better equip and position them to achieve their goals and objectives.

Her areas of expertise include performance assessment and measurement, organizational assessment, policy development, performance metric development and reporting, business process re-engineering, strategic planning, decision-maker strategic communications and reporting, best-practices benchmarking, and competitive analysis.

Colleen has recently provided relevant services to clients including the California Institute for Regenerative Medicine, Carson City, City of Modesto, City of Portland, City of Santa Monica, City of Stockton, Project Concern International, Santa Clara Valley Water District, Snoqualmie Indian Tribe, and Sound Transit.

### **Professional Affiliations**

- Member, Project Management Institute
- Member, Institute of Internal Auditors
- Member, International City & County Management Association
- Treasurer and board trustee, Humanities Washington

### **Education**

- MS, public policy and management, Carnegie Mellon University
- BA, English and political science, University of Michigan



*Role: Stephen will serve as a project manager.*

### **Professional Experience**

Stephen has over eight years of accounting, auditing, and financial reporting experience. He specializes in conducting construction and performance audits. He has had an active role in planning, managing, and delivering on multiple audits that have resulted in significant control and reporting improvements and cost savings. He works closely with developers, universities, school districts, hospitals, and federal contractors on construction and capital improvement projects ranging from millions to billions of dollars. He remains committed to delivering work that gives these projects the best possible chance of meeting their objectives and stakeholder expectations.

In addition to his construction auditing and internal controls experience, Steve also has a background in International Financial Reporting Standards (IFRS) in the transportation industry.

Stephen has provided relevant services for government clients including City of Modesto, City of Phoenix, City of Stockton, Beverly Hills Unified School District, Oakland Unified School District, San Jose Unified School District, Sweetwater Union High School District, San Francisco State University, and West Contra Costa Unified School District.

### **Professional Affiliations**

- Member, American Institute of Certified Public Accountants
- Member, California Society of Certified Public Accountants
- Member, Institute of Internal Auditors

### **Education**

- BS, business administration and accounting, California State Polytechnic University, Pomona



*Role: Robert will serve as a project manager.*

### **Professional Experience**

Robert specializes in contract, compliance, and internal controls audits; he helps clients assess risks and evaluate and improve controls. He conducts compliance and performance audits for local governments as part of the firm's role as outsourced internal auditors for multiple cities and counties. He also helps clients with business-critical audit coverage and assistance navigating federal procurement rules and audit requirements. He draws on eight years of experience as a senior auditor at the Defense Contract Audit Agency (DCAA) and in-depth knowledge of government contracting.

Robert also has 15 years of experience as an attorney, counseling business owners on the formation of new business entities, acquisitions, and issues related to corporate governance.

Robert has provided relevant services for governments and government contractors including City of Santa Monica, City of Stockton, Douglas County, City of Pasadena, CH2M Hill Plateau Remediation Company, Washington Closure Hanford, Mission Support Alliance, Washington River Protection Solutions, Tektronix, PaxVax, Acelrx, and TerraPower.

### **Professional Affiliations**

- Member, American Institute of Certified Public Accountants
- Member, Institute of Internal Auditors

### **Education**

- JD, law, University of Washington School of Law
- MPA, taxation, University of Washington
- BA, accounting, University of Washington



*Role: Melaney will serve as a performance auditor and provide health care industry knowledge.*

### **Professional Experience**

Melaney has over 20 years of combined experience in all facets of GAAP accounting, finance, and auditing. She has experience auditing based on COSO, GASB, GAAS, GAGAS, and IIA standards. Her specific experience includes managing the planning, preparation, and execution of risk-based compliance audit programs; covering contracting, operational, and financial related audits; leading day-to-day activities of audit teams on complex and multiple audits to ensure audit objectives and deadlines are met, which includes planning, preparation, and execution of risk-based financial, federal compliance (Uniform Guidance - Single Audits); and performing operational audits as well as special projects. Her prior auditing experience includes the Medicaid program, which included eligibility, claims, and drug rebates.

### **Professional Affiliations**

- 340B University
- Member, Association of Healthcare Internal Auditors
- Member, Health Care Compliance Association
- Member, Institute of Internal Auditors
- Member, American Institute of Certified Public Accountants

### **Education**

- MBA, accounting, University of Phoenix
- BA, business administration, Oregon State University



*Role: Tammy will serve as a performance auditor.*

### **Professional Experience**

Tammy specializes in assessing organizational performance, developing strategies, assessing system and resource needs, and streamlining processes to improve operations for government and not-for-profit organizations. She focuses on key elements including conducting interviews; reviewing and analyzing documents; developing findings and recommendations; and preparing and presenting reports and deliverables that meet professional audit and reporting standards, as well as her clients' expectations. By using a collaborative approach to working with her clients, Tammy delivers projects and reports that are attuned to each client's unique operating environment and optimize organizational performance. Prior to joining Moss Adams, she worked as a performance auditor for the Washington State Auditor's Office.

Tammy has performed relevant services for the cities of Abilene, Carson City, Modesto, Redondo Beach, Santa Monica, and Stockton, as well as County of Maui, Sonoma County, State of California, Concordia University, Pepperdine University, and multiple tribes.

### **Professional Affiliations**

- Member, Institute for City and County Managers
- Member, Society for Human Resources Management
- Member, Institute of Internal Auditors
- Member, Association of Certified Fraud Examiners

### **Education**

- BA, public health, University of Washington
- MPA, Daniel J. Evans School of Public Affairs, University of Washington



*Role: Emily will serve as a performance auditor.*

### **Professional Experience**

Emily works regularly with clients across a variety of industries to provide extensive research and value-add analysis. Her research and consulting experience includes business analysis, benchmarking, process mapping, and needs assessment engagements, delivering key data and insights on markets, workflows, compensation, procedures, and technological solutions.

Emily also provides clients with a diverse set of research services including the development and administration of surveys, financial benchmarking, best-practice research, economic and industry market analysis, public record and legal document searches, and compensation benchmark research. With access to a full range of proprietary research sources and broad experience in obtaining hard-to-find information, Emily supports projects through the provision of focused research and analysis.

Emily has served a variety of government clients including City of Modesto, City of Roseville, City of Santa Monica, City of Stockton, Community Transit, King County Housing Authority, Pierce County, Sonoma County Agricultural Preservation and Open Space District, Sound Transit, Washington State Department of Transportation, and the Washington State Employment Security Department.

### **Professional Affiliations**

- Research Core Expert Certified, Qualtrics Research Suite
- Member, Institute of Internal Auditors
- Member, International City and County Manager's Association

### **Education**

- MS, information management, University of Washington
- BA, international studies, American University



*Role: Lawrence will serve as a performance auditor.*

### **Professional Experience**

Lawrence's focus is on conducting internal and performance audits for government, education, health care, infrastructure, and commercial real estate industries. He also helps provide clients in a diverse group of industries with a variety of federal contract compliance services.

Prior to joining Moss Adams, Lawrence was a new venture consultant with FXT Concrete/LB Foster, where he developed feasibility studies and break-even analyses. Lawrence has performed charitable work with the Volunteer Income Tax Assistance program and Monroe Catholic Schools in Fairbanks, Alaska.

Lawrence is particularly experienced working with local governments. Examples include City of Modesto, City of Stockton, Beverly Hills School District, Sweetwater School District, West Contra Costa School District, State of California, and State of Oregon.

### **Professional Affiliations**

- Member, American Institute of Certified Public Accountants
- Member, Institute of Internal Auditors

### **Education**

- BBA, accounting and economics, Gonzaga University



*Role: Ram will serve as a performance auditor and provide health care industry knowledge.*

### **Professional Experience**

Ram has practiced dentistry from 2012 to 2016 in India and the United States, providing treatment as well as overseeing clinical operations. He drove to improve efficiency and effectiveness of the clinics by identifying bottlenecks in the patient admission processes and sterilization procedures

As a health care consultant, Ram has worked with clients to assess a service line's profit and loss analysis by going through their work steps, understanding each step of the process from data getting pulled in from electronic medical record systems into a decision support system, replicating the procedures used for the client's departmental revenue and expense analysis, and testing the practices used to develop the final report.

He's also provided strategic analysis for a community care settings pilot program, which assists members with transitioning out of institutional care back to living independently in the community. This analysis involved categorizing the profitability and effectiveness of the organization through understanding their operational and financial procedures.

### **Education**

- MBA, business of healthcare, Washington University (St. Louis)
- BDS, Bachelor of Dental Surgery, Sri Ramachandra University (India)



## ADDITIONAL INFORMATION

### Employee Background Checks



One of the highest priorities of our firm is to attract, select, and hire qualified people. Our firm runs a thorough background check on final candidates for all positions. This includes but isn't limited to partners, full-time employees, part-time employees, temporary employees (on the Moss Adams payroll), rehires, and interns. Background checks on all individuals may include a social security number trace as well as verification of education, criminal and driving records, and a consumer credit check. We also confirm records related to any PCAOB and SEC violations or sanctions.

Investigations for experienced staff- and senior-level professionals, as well as client service support professionals, include reference checks, verification of prior employment, and professional license/certification and membership verifications. Investigations for manager- and partner-level professionals include all previously described checks as well as county civil and federal civil searches. Our hiring policies help provide reasonable assurance that each employee has the requisite capabilities, competence, and commitment to ethical principles.

### Litigation

As with any large firm, Moss Adams is occasionally involved in addressing legal and regulatory issues. However, no action, suit, proceeding, inquiry, or investigation before or by any court or federal, state, municipal, or other government authority is pending, or to our knowledge is threatened against Moss Adams, related to or which would have a material effect upon the services contemplated herein.

### Terminated Contracts

As a result of our firm's commitment to premier client service, we have a long history of excellent client retention. An important aspect of this service includes maintaining the confidentiality of our clients', and former clients', financial and business information. As a result, we avoid disclosure of client information except as necessary to provide our services. In addition, while client relationships may be terminated for a variety of reasons, including financial, project discontinuation, and change in strategy, we don't maintain records regarding such terminations.

TAB 5

# References

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## 5. References

We're pleased to provide the District with references that reflect our relevant experience for this important engagement. Below please find references for five current government clients for whom we've provided similar services. We encourage you to contact these references for feedback about the breadth, depth, and quality of our services; our collaborative approach; and the level of client satisfaction.

<b>EL CAMINO HEALTHCARE DISTRICT</b>	Jim Griffith Chief Operating Officer	(650) 988-7632 <a href="mailto:jim_griffith@elcaminohealth.org">jim_griffith@elcaminohealth.org</a>
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El Camino Healthcare District (the District)—one of the largest non-designated public medical centers in California—has been a longstanding client of Moss Adams. Our relationship with the District began by providing financial statement and employee benefit plan audit services, and has expanded over the years. While continuing our assurance services, we've also conducted projects including a wage and hours analysis and a sales use and tax feasibility study. Currently, Moss Adams teams are actively supporting the District's lean transportation initiatives; providing assistance around property management needs; and providing business continuity planning, analysis, and implementation support. We've built an ongoing partnership with the District based on our ability to identify areas of opportunity across disciplines in its unique operational environment, and leverage the pool of Moss Adams professionals with the relevant skills and experience to provide solutions when the need arises.

<b>CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE</b>	Maria Bonneville Chief Administrative Officer	(415) 396-9119 <a href="mailto:mbonneville@cirm.ca.gov">mbonneville@cirm.ca.gov</a>
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We recently completed our third comprehensive triennial performance audit for the California Institute for Regenerative Medicine (CIRM), a department of the state of California, to address efficiency and effectiveness, as well as compliance with laws and regulations. CIRM is a \$3 billion stem cell research organization governed by a 23-member board of directors comprised of industry leaders. We conducted audits in accordance with GAGAS and examined the functions, operations, management systems, and policies and procedures of CIRM in order to assess whether it was achieving economy, efficiency, and effectiveness in the employment of available resources. A core component of the audit focused on compliance with statutes, policies, and procedures for the issuance of contracts, grants, and loans and protecting intellectual property rights associated with research funded or commissioned by CIRM. The 2015 review included an assessment of CIRM's implementation of the 2012 recommendations, and the 2018 review included an assessment of CIRM's implementation of the 2015 recommendations. Areas of focus included grants administration, operational performance, employee engagement, IT, communication, organizational structure, and staffing levels and skills. Our reports were presented to CIRM's board and citizen's oversight committee.

<b>CITY OF STOCKTON</b>	Christian Clegg Deputy City Manager	(209) 937-8205 <a href="mailto:christian.clegg@stocktonca.gov">christian.clegg@stocktonca.gov</a>
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In 2013, we were retained as the City of Stockton's internal and performance auditor of record. We've conducted over two dozen projects to improve performance and strengthen internal controls for the City. We've helped educate the audit committee on its role, develop a committee charter, and provide internal controls training. In addition, we've established a streamlined process for tracking audit findings, validating the completeness of management responses to findings, and regularly reporting progress to the audit committee. We also administer the City's ethics hotline.

<b>DOUGLAS COUNTY</b>	Terri Willoughby Chief Financial Officer	(775) 782-6202 <a href="mailto:twilloughby@douglasnv.us">twilloughby@douglasnv.us</a>
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We serve as the County’s internal auditor. We initiated our services by conducting a comprehensive risk assessment related to all County departments. The risk assessment process provided the County an important set of benchmarks that guide both policy and process decisions, as well as investments. Following the risk assessment, we conducted a comprehensive internal controls review of all County functions. Based on the results of the risk assessment and controls review, we’ll conduct performance audits of selected departments and programs based on potential risk and return on investment. Each performance audit is designed specifically to obtain sufficient, appropriate evidence to address audit objectives; identify opportunities for improving economy, efficiency, and effectiveness; and provide a return on investment.

<b>CITY OF MODESTO</b>	Joe Lopez City Manager	(209) 577-5402 <a href="mailto:joelopez@modestogov.com">joelopez@modestogov.com</a>
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We have been serving the City of Modesto since 2011. Since that time, we’ve conducted numerous performance audits, internal controls reviews, and risk assessments. We’ve successfully performed a series of high-profile performance audits to help the City re-engineer its processes. Each year, we work closely with the audit committee to define an audit program and report audit results to the committee and city council. To date, we’ve completed over 30 projects for the City, which have provided recommendations for improving the economy, efficiency, and effectiveness of operations. Performance audits have addressed the citywide organization, convention center, permitting, police scheduling, overtime, water and wastewater, transportation, fleet, and solid waste. In addition, we administer the City’s ethics hotline.

TAB 6

# Fee Proposal

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# 6. Fee Proposal

We're committed to fees that are fair and commensurate with the experience and level of service described in this proposal. Our fee estimates are based on our understanding of your specific service needs. We invoice fees and expenses monthly based on work performed and expenses incurred. Fees for each project are based on the number of hours required to complete the engagement and participation at each staff level. Our hourly rates by staff level for years one through five are provided below. The rates in the table below assume a 3% annual increase; if this exceeds the amount of the annual percentage change of the US Bureau of Labor Statistics, Employment Cost Index – Private Industry, Wages and Salaries, 12-month Percent Change, Not Seasonally Adjusted – CIU2020000000000A for the 12-month period immediately prior to the date of the request, we'll adjust our fees accordingly.

Staff Level	Year 1	Year 2	Year 3	Year 4	Year 5
Partner	\$350	\$361	\$371	\$382	\$394
Senior manager	\$300	\$309	\$318	\$328	\$338
Manager	\$275	\$283	\$292	\$300	\$310
Senior	\$225	\$232	\$239	\$246	\$253
Staff	\$200	\$206	\$212	\$219	\$225

We don't anticipate any expenses in addition to our professional fees. We understand the District won't reimburse travel expenses for these services; this won't be a problem since our firm—and most of our engagement team—is based locally in Seattle.

TAB 7

# Subcontracting

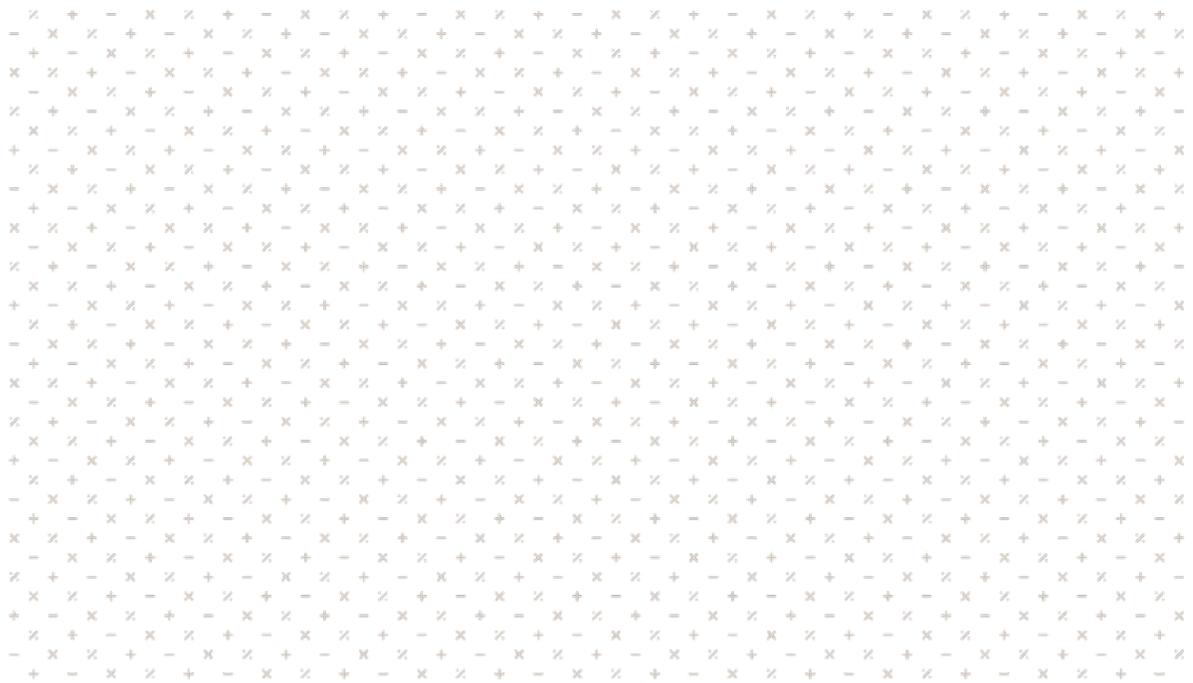
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# 7. Subcontracting

At Moss Adams, with over 340 partners and 3,200 employees, we have the breadth and depth of firmwide resources to be able to conduct the District's performance audit services in-house, without the use of subcontractors.



TAB 8

# Required Forms and Additional Information

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# 8. Required Forms and Additional Information

## ATTACHMENT B – AFFIDAVIT FORM

Our completed Attachment B – Affidavit Form is provided on the following page.



**ATTACHMENT B:**

**NON-COLLUSION STATEMENT**

In order for your application to be considered, it is necessary to furnish the following information:

Has your firm ever been indicted, pled guilty, pled nolo contendere (no contest), or been convicted of any offense that has resulted in your firm being barred from being or performing work for any State, Local, or Federal Government?

Yes \_\_\_ No ✓

If "Yes", attach a separate sheet(s) to this form giving the details involved, the names of the individuals, and their current employment status with your firm.

Has any officer, employee, or other member of your firm ever been indicted, pled guilty, pled nolo contendere, or been convicted of any illegal restraints of trade, including collusive bidding?

Yes \_\_\_ No ✓

If "Yes", attach a separate sheet(s) to this form giving the details involved.

Has your firm or any officer, employee, or member of your firm ever been debarred for violation of various Public Constraint Acts incorporating Labor Standards Provision?

Yes \_\_\_ No ✓

If "Yes", attach a separate sheet(s) to this form giving the details involved.

Is your firm under the protection of the bankruptcy court, has pending any petition in bankruptcy court, or have you made an assignment for the benefit of creditors?

Yes \_\_\_ No ✓

Moss Adams LLP  
(Printed Name of Contractor)

999 Third Avenue, Suite 2800  
Address

Seattle WA 98104  
City State Zip Code

Mark Sterauka  
Signature of Authorized Representative

Partner May 17, 2019  
Title Date

**NOTE: THIS FORM MUST BE COMPLETED AND INCLUDED WITH THE PROPOSAL.**

## ABILITY TO MEET MINIMUM REQUIRED QUALIFICATIONS

### **1. At least five (5) years of experience providing a wide range of performance audit services to state, local government, non-profit, or commercial entities, with a focus on local government performance audit experience**

Moss Adams operates a full-service government audit and consulting practice that serves state, county, city, tribal, federal, and special purpose district governments. We've been a leader in government performance audits for over 30 years and typically conduct 20 to 30 performance audits each year.

For more information about our government and performance audit experience, please refer to section 4. Personnel and Technical Qualifications of this proposal.

### **2. Ability to quickly respond to expedited audit requests**

As a large firm based in Seattle, we have the capacity and local resources to respond to the District's requests in a timely manner.

### **3. Ability to prepare and provide audit reports for engaged tasks in accordance with applicable standards**

As part of our performance audit methodology, we evaluate each engagement before beginning to determine the specific professional standards that apply. We tailor our audit programs to develop our reports in accordance with the appropriate standards. Our team offers deep experience conducting services in accordance with AICPA consulting standards, IIA standards, and GAGAS. In addition, we have access to other members of firm who have certifications and knowledge of professional standards related to their areas of specific focus, including IT, cybersecurity, health care, and government finance and consulting.

For more information about our approach and methodology, please refer to section 3. Work Plan and Project Approach of this proposal.

### **4. Ability to demonstrate quality control procedures**

While Moss Adams has centralized quality control, our engagement partners and client service teams are only one level removed from the technical and quality control professionals in our national office. We consult as necessary with our national office on both technical and regulatory matters, many of which are voluntary consultations in an effort to draw on our firm's deep expertise and deliver the best service to our clients.

Our national office is located in Seattle, Washington. When we do have a need to consult with this group, we're in the same office, and we've streamlined our process to ensure timely turnaround of consultations. We evaluate each service and advise your audit committee in our routine communications of any matters that may be classified as anything but "audit." Our service approach is designed to effectively serve the audit committee and be responsive to management. Our consultation process offers personal contact and interactive dialogue that translates to timely responses and resolutions for clients; it isn't intended to be a long or complex process.

We've established internal firm committees that rigorously uphold the quality assurance objectives set forth by the firm. In addition, these committees are responsible for staying abreast of relevant regulatory changes and training for all firm professionals. Every performance audit engagement accepted by the firm must be staffed with competent professionals, including an engagement partner and an engagement quality review partner who's independent of the client. Both the engagement partner and the engagement quality review partner must be approved to practice in the specific specialty area or industry group.

In addition, we follow all independence requirements, including CPA licensing of personnel and training hour requirements, to help make sure our performance audit services are in compliance with all aspects of our professional standards.

#### **5. Ability to demonstrate that audit work papers and information is securely maintained and kept confidential**

In order to maintain our clients' confidentiality, Moss Adams requires the following safeguards to be followed:

- Matters known to employees through their work must be held in strict confidence.
- Professional employees are required to sign an annual independence representation.
- Our computers are encrypted, and our audit software requires an access password.
- All computers require password changes every 90 days and the use of "strong" passwords.
- Offices have electronic access control for non-public entrances and are arranged so no one can enter without passing through a reception area.
- Confidentiality is a high-priority topic at in-house education seminars and conferences.

#### **Confidentiality**

First and foremost, we want to emphasize that our profession's code of ethics has stringent provisions requiring maintenance of absolute confidentiality of client information. We take that matter extremely seriously. The need for confidentiality is great in today's world when many businesses, including Moss Adams, are focusing on expanding services within industry segments. Thus, we have clients who are competitors, customers, and vendors to one another. This being the case, if we were not able to maintain confidentiality, we would be a firm without clients in a very short period of time.

One step we take to preserve confidentiality is to staff engagement teams of competing clients with different client service staff. This allows a completely separate team working on clients competing in the same industry. It isn't uncommon to have the same quality control reviewer for engagements of competing clients. However, this role is performed by an objective reviewer and does not interfere with the strict confidentiality between various clients.

#### **Firm Policy on Confidential Information**

Moss Adams has a firm policy regarding the confidentiality of client information and documentation. This policy states that all matters known to a staff member through work for clients must be held in strict confidence. The client's affairs must not be discussed with client employees except on instructions from the client. Any request on the part of the client for information as to the scope of our work or the content of the firm's workpapers will be referred to the engagement partner or leader. Firm personnel must also not discuss their work with anyone except members of our organization.

## Technology and Data Security Provisions

At Moss Adams, we take the protection of our firm's and our client's data seriously by employing safeguards to prevent unauthorized access to our offices and our physical and electronic working papers. Our employee policies regarding the confidentiality of client information are incorporated in our employee manual and employment agreements. And above and beyond the standard key locks and electronic keycards that control access to our offices and the firewalls and passwords that control access to our networks and personal computers—all standard in many professional settings today—we use the following measures to further enhance our information security structure:

### Network Security

- We operate a wide-area network (WAN) based on a multiprotocol label switching (MPLS) backbone. This is a private network provided by a tier-one carrier.
- All edge equipment and servers that provide enterprise services are located at a commercial data center located outside the downtown Seattle corridor.
- The network has only a single access point to the internet.
- The internet connection is front-ended by redundant firewalls and a perimeter network (also called a DMZ).
- We run an enterprise intrusion prevention system (IPS).
- We run an enterprise antivirus and antispymware system.
- We block an extensive list of email attachments (including both files and types known to contain inappropriate content or malware) from entering our network.
- We run a comprehensive, dual-layered antispam and antivirus system to protect both incoming and outgoing email.
- Visitors (nonemployees) are not allowed to attach their computers to our internal network.
- Remote network access is only available through a single secure entry point. Multifactor authentication is required.
- We support only strong passwords, and we force password changes every 90 days.

### Desktop and Laptop Management and Security

- We operate a highly managed desktop and laptop computer environment.
- All computers that are used for client work:
  - Are part of our corporate domain.
  - Are patched via an automated patch management system.
  - Run antivirus and antispymware agents.
  - Are required to have full hard-drive encryption.
  - Have their hard drives scrubbed clean using Department of Defense–certified software when they're decommissioned.

### Server Security and Management

- We have standardized build procedures.
- Server patching is performed using a patch management system.
- All production servers and network equipment (switches and routers) are located in a locked and highly secure environment.
- Only domain administrators and approved vendors can log into servers or alter server configurations.
- Network and file and folder access privileges are tightly controlled based on user title and role.

## Security Policies

- All new employees undergo a comprehensive background check.
- All users must conform to a set of comprehensive end user technology policies.
- We take our security audits and vulnerability assessments seriously and address all sensitive issues.

## Secure Client Portal

The Moss Adams Client Portal is a web-based mechanism that provides an easy yet secure means of temporarily storing sensitive documents for two-way transfer with our clients. The system—called ShareFile Enterprise, from Citrix—resides on Moss Adams servers located at our data center. ShareFile uses AES encryption to secure the transmission and storage of documents. Security highlights include the following:

- Build-in end-to-end encrypted transfer and storage
- Encrypted transfer over 256-bit SSL/TLS connection
- Data stored at rest in the portal with AES 256-bit encryption using FIPS 140-2 validated AES encryption (the US federal and Canadian government encryption standard) to secure the transmission of documents.

## **6. Ability to provide a narration on the auditing process and work papers' documentation to include but not limited to the following:**

- a. Document the process for conducting interviews and establishing findings during the audit;**
- b. Provide policies and practices on entrance and exit conferences during the audit;**
- c. Describe the method of communicating internal control weaknesses.**

We'll lead extensive communication prior to beginning the actual fieldwork to gain a clear understanding of expected issues, our testing approach, and the documentation needed. We're very conscious of not duplicating our efforts and will attempt to use existing documentation whenever possible. We don't demand that our clients conform to pro forma documentation.

Prior to beginning the performance audit, we'll have an entrance conference with District management and/or the audit committee. During our first meeting, we'll discuss our audit approach timing and provide an opportunity for management and the board to convey any issues, relevance, or special focus.

At the end of our fieldwork, we'll hold an exit conference with management and the board. We'll share all findings, the status of the performance audit, projected timeliness for completion, and, possibly, a draft report. Again, management and the board will have the opportunity to convey any concerns or issues they may have. Our goal in presenting the performance audit to you at the board meeting is to communicate information we obtain during the performance audit process. We consider operational issues, discuss our observations, and communicate important issues during the presentation.

For more detailed information about our project methodology, please refer to section 3. Work Plan and Project Approach of this proposal.

## **7. Ability to demonstrate monitoring procedures for assuring the independence of management and employees**

Moss Adams has always worked to embody the highest ethical standards, and we demonstrate our commitment to such standards daily. As an independent certified public accounting firm properly licensed for public practice, Moss Adams is required to meet the independence standards as defined by Generally

Accepted Auditing Standards, the AICPA Code of Professional Conduct, and the US Government Accountability Office.

Prior to accepting a client relationship with your organization, we'll conclude our initial review of independence. This review will include an inquiry throughout the firm to make sure there aren't any identified circumstances that might impair our independence. To make sure we maintain our independence of your organization, we'll formally reassess our independence throughout the engagement and every year.

Additionally, each partner and client service professional, including associates (technicians) and interns, is required upon initial employment, and annually, to acknowledge his or her independence with respect to our clients. The independence compliance representation is focused on the independence of the individual, and is designed to result in personal representations about matters that may impair independence. In this way, we routinely monitor our firm's independence from our attest clients.

We welcome any questions you may have regarding our review of independence.

#### **8. Ability to demonstrate compliance with continuing professional education standards established by generally accepted government auditing standards (GAGAS 3.46)**

The American Institute of Certified Public Accountants requires its members to attend at least 120 hours of CPE every three years. Averaging more than 100 hours of industry-specific CPE every two years, our professionals regularly exceed those requirements—as well as those of the various state licensing boards.

In addition to the firm's required CPE, because of our focus on providing internal and performance audit services for government entities, our performance audit team separately tracks the applicable CPE hours for each team member in order to confirm compliance with GAGAS regulations. Currently, all the performance audit team members who would conduct services for the District in accordance with GAGAS are on track to meet their GAGAS CPE requirements for the 2018–2020 period. If requested, we can provide a summary of current GAGAS CPE credits for the team members who would be assigned to GAGAS performance audits for the District.

#### **9. Competent technology skills in Microsoft Office Suite and data extraction programs**

Moss Adams uses Microsoft Office Suite, so all our team members have demonstrated competency in its component programs. In addition, we have professionals throughout the firm who have significant experience using other specialized software that pertains to their services and areas of focus, including data extraction tools.

## NOTICE OF EXCEPTION

We accept all terms and conditions included in the RFP and addenda to the RFP, and are ready to enter into a contract with Snohomish County if awarded this work, contingent upon negotiation of a mutually acceptable contract. Such negotiations may address clarifying access of records relating to fees and expenses (RFP §§I.D.2.g, I.D.4.e); clarifying ownership and use of final deliverables and Moss Adams' ownership (and retention) of working papers, IP, and general skills and know-how (RFP §I.D.4.e; Attachment D §§3.1, 11); aligning insurance requirements with Moss Adams' policies, including additional insureds by blanket endorsement, notice per policy terms, and A.M. Best rating of A- (Attachment C §§A.2, C.2; Attachment D, Exhibit 2); focusing indemnification, including to preserve auditor independence, and providing indemnification procedure (Attachment D §7, Exhibit 2); applying the American Rule to attorneys' fees (Attachment D §7); clarifying ability to terminate by Moss Adams if recommended under professional standards (Attachment D §11), and; adding limitation on liability (new). Included are proposed redlines to Attachment C and Attachment D.

In addition, applicable professional standards, which apply to any independent audit firm in the United States, require certain agreements and acknowledgements between an auditor and management of the entity being audited. We would expect to include such provisions in annual engagement agreements executed between the parties.

We have successfully signed professional services agreements with thousands of clients, including Snohomish County, and we commit to working in good faith to successfully negotiate a mutually agreeable contract for this engagement on a timely basis should we be awarded this contract.

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## ATTACHMENT C:

### INSURANCE REQUIREMENTS

Minimum Amounts of Insurance:

A. Contractor shall obtain insurance of the types described below:

1. Automobile Liability Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01
2. Commercial General Liability Commercial General Liability insurance shall be written at least as broad on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, products-completed operations, stop gap liability, personal injury and advertising injury, and liability assumed under an insured contract. The Commercial General Liability insurance shall be endorsed to provide a per project general aggregate limit using ISO form CG 25 03 05 09 or an equivalent endorsement. There shall be no exclusion for liability arising from explosion, collapse, or underground property damage. The District shall be named as an additional insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the District using an additional insured endorsement CG 20 10 10 01 and Additional Insured-Completed Operations endorsement CG 20 37 10 01 or substitute endorsements providing at least as broad coverage (blanket endorsement acceptable).
3. Workers' Compensation coverage as required by the Industrial Insurance laws of the state of Washington.
4. Professional Liability insurance appropriate to the Contractor's profession.

B. Minimum Amounts of Insurance

Contractor shall maintain the following insurance limits:

1. Comprehensive General Liability. Insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate and \$2,000,000 products-completed operations aggregate limit.
2. Automobile Liability. \$1,000,000 combined single limit per accident for bodily injury and property damage.
3. Workers' Compensation. Workers' compensation limits as required by the Workers' Compensation Act of Washington.
4. Professional Liability/Consultant's Errors and Omissions Liability. \$1,000,000 per claim and \$1,000,000 as an annual aggregate.

C. Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions for

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Automobile Liability and Commercial General Liability insurance:

1. The Contractor's insurance coverage shall be primary insurance as respect to the District. Any Insurance, self-insurance, or insurance pool coverage maintained by the District shall be excess of the Contractor's insurance and shall not contribute with it.
2. The Contractor's insurance shall be endorsed to state that coverage shall not be cancelled by either party, except in accordance with RCW 48.18.290, or prior written notice by delivery or mail has been given ~~to the District~~ per policy terms.

Name of Company: Moss Adams LLP

Name of Insurance Agent: Aon; Integro Insurance Brokers

Telephone, including Area Code 206-302-6500

**NOTE: THIS FORM MUST BE COMPLETED AND INCLUDED WITH THE PROPOSAL.**

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## ATTACHMENT D: SAMPLE PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT, made and entered into this \_\_\_\_\_th day of \_\_\_\_\_, 20\_\_ by and between **SNOHOMISH HEALTH DISTRICT**, a Municipal Corporation, hereinafter referred to as “the District,” and \_\_\_\_\_, **[LEGAL STATUS OF ENTITY SHOULD BE INSERTED; e.g., LLC; Sole Proprietor; LLP; Inc., P.S.; Partnership, Foreign Corporation licensed to do business in Washington State]**, hereinafter referred to as “the Contractor.”

### 1. TERMS AND CONDITIONS

All rights and obligations of the parties to this Agreement shall be subject to and governed by the terms and conditions contained in the text and exhibits of this Agreement, or as may be amended in writing by mutual agreement of the parties. The initial term of this Agreement is \_\_\_\_\_ . [This Agreement may be automatically extended in one-year increments through \_\_\_\_\_, subject to the extension or termination provisions in section 10. Any extension past \_\_\_\_\_ must be in writing signed by all parties.]

The general terms and conditions of the relationship between the District and the Contractor are specified in this Agreement.

### 2. SERVICES

Contractor shall provide **[INSERT SHORT GENERAL DESCRIPTION OF WHAT SERVICES ARE REGARDING]**. The specifications and conditions are described further in attached **Exhibit 1** entitled “Statement of Work”.

### 3. MINOR CHANGES IN SCOPE

The Contractor shall accept minor changes, amendments, or revision in the detail of the Scope of Services as may be required by the District when such changes will not have any impact on the service costs or proposed delivery schedule. Extra work, if any, involving substantial changes and/or changes in cost or schedules will be addressed as follows:

Extra Work: The District may desire to have the Contractor perform work or render services in connection with each project in addition to or other than work provided for by the expressed intent of the scope of services. Such work will be considered as extra work and will be specified in a written supplement to the scope of services, to be signed by both parties, which will set forth the nature and the scope thereof. All proposals for extra work or services shall be prepared by the Contractor at no cost to the District. Work under a supplemental agreement shall not proceed until executed in writing by the parties.

**3.1 WORK PRODUCT AND DOCUMENTS.** ~~The District shall own all final reports and other completed deliverables. The work product and all documents produced under this Agreement shall be and~~ furnished by the Contractor to the District, ~~excluding any Contractor Material (defined below) contained or embodied therein (“Work Product”). and upon completion of the work shall become the property of the District, except that t~~The Contractor may retain one copy of the work product ~~and documents~~ for its records. ~~The Contractor will be responsible for~~

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~~the accuracy of the work, even though the work has been accepted by the District. However, the District may not alter or amend any Work Product issued under Contractor's name. Contractor shall own its working papers and any engagement documentation and any general skills, know-how, expertise, ideas, concepts, methods, techniques, processes, software, materials, or other intellectual property which may have been discovered, created, received, or developed by Contractor either prior to or as a result of providing services under the Agreement (collectively, "Contractor Materials"). The District shall have a non-exclusive, non-transferable license to use Contractor Materials for its own internal use and only for the purposes for which they are delivered to the extent they form part of Work Product. Notwithstanding anything to the contrary in this Agreement, Contractor and its personnel are free to use and employ their general skills, know-how, and expertise, and to use, disclose, and employ any generalized ideas, concepts, know-how, methods, techniques or skills gained or learned during the course of this Agreement so long as they acquire and apply such information without any unauthorized use or disclosure of confidential or proprietary information of Contractor.~~

In the event that the Contractor shall default on this Agreement or in the event that this Agreement shall be terminated prior to its completion as herein provided, all ~~w~~Work ~~p~~Product of the Contractor, ~~along with a summary of work as of the date of default or termination,~~ shall become the property of the District. Upon request, the Contractor shall tender the ~~w~~Work ~~p~~Product ~~and summary~~ to the District. ~~Tender of said work product shall be a prerequisite to final payment under this Agreement. The summary of work done shall be prepared at no additional cost to the District.~~

Contractor will not be held liable for reuse of documents produced under this Agreement or modifications thereof for any purpose other than those authorized under this Agreement without the written authorization of Contractor.

#### **4. BILLING AND REIMBURSEMENT PROCEDURES**

- A. The Contractor shall be paid by THE DISTRICT for services rendered under this Agreement as described in the Scope of Services and as provided in this section. In no event shall the compensation paid to Contractor under this Agreement exceed \$\_\_\_\_\_ without the written agreement of the Contractor and the District. Such payment shall be full compensation for work performed and services rendered and for all labor, materials, supplies, equipment, and incidentals necessary to complete the work. In the event the District elects to expand the scope of services from that set forth in Exhibit 1, the District shall pay Contractor a mutually agreed amount.
- B. The Contractor shall submit a monthly invoice to the District for services performed in the previous calendar month in a format acceptable to the District. The Contractor shall maintain time and expense records and provide them to the District upon request.
- C. The District will pay timely submitted and approved invoices received before the 20<sup>th</sup> of each month within thirty (30) days of receipt.

#### **5. SUBCONTRACTING**

The Contractor shall not subcontract, assign, or delegate any rights or obligations under this agreement, either in whole or in part, without the prior written approval of the District.

In the event Contractor utilizes subcontractors, Contractor shall include all subcontractors as insureds under its policies, or shall furnish separate certificates of insurance and policy endorsements for each subcontractor. Insurance coverages provided by subcontractors as evidence of compliance with the

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insurance requirements of this Contract shall be subject to all of the requirements stated herein.

## 6. INSURANCE

- A. Contractor shall, at its own expense, obtain and keep in force Cyber Liability Insurance as specified in the Business Associate Agreement attached until completion of this contract. Proof of applicable insurance will be attached to this document.
- B. Contractor shall, at its own expense, obtain and keep in force insurance as specified in **Exhibit 2** attached until completion of this Agreement. Proof of applicable insurance is attached to this document.
- C. Where the District has provided written approval of a subcontractor, Contractor shall include all subcontractors as insured under all required insurance policies, or shall furnish separate Certificates of Insurance and endorsements for each subcontractor. Subcontractor(s) must comply fully with all insurance requirements stated herein. Failure of subcontractor(s) to comply with insurance requirements does not limit Contractor's liability or responsibility.
- D. All insurance provided in compliance with this Agreement shall be primary as to any other insurance or self-insurance programs afforded to or maintained by the District.

## 7. INDEMNIFICATION/HOLD HARMLESS

To the maximum extent permitted by law and except to the extent caused by the ~~sole~~ negligence of the District, the Contractor shall indemnify and hold harmless the District, its officers, officials, agents, and employees, from and against any and all suits, claims, actions, losses, costs, penalties, and damages of whatsoever kind or nature arising out of bodily injury (including death), damage to real property, and damage to tangible personal property to the extent caused by the intentional misconduct, or reckless or negligent acts or omissions of, in connection with, or incident to the goods and/or services provided by or on behalf of the Contractor or its officers, employees, subcontractors, or agents under this Agreement. In addition, the Contractor shall assume the defense of the District and its officers, officials, and employees in all legal or claim proceedings arising out of bodily injury (including death), damage to real property, and damage to tangible personal property to the extent caused by the intentional misconduct, or reckless or negligent acts or omissions of Contractor or its officers, employees, subcontractors, or agents under this Agreement, in connection with, or incidental to such goods and/or services, and shall pay all defense expenses, including reasonable attorney's fees, expert fees, and costs incurred by the District on account of such litigation or claims. The District shall provide Contractor with prompt written notice of such claim and cooperate with Contractor in handling the claim. Contractor shall be entitled to control the handling of such claim and to defend or settle any such claim, in its sole discretion, with counsel of its own choosing.

This indemnification obligation shall include, but is not limited to, all claims against the District by an employee or former employee of the Contractor or its subcontractors ("Employee Claim"). The Contractor, by mutual negotiation, expressly waives all immunity and limitation on liability, as respect to the District only, under any industrial insurance act, including Title 51 RCW, other Worker's Compensation act, disability benefit act, or other employee benefit act of any jurisdiction that would otherwise be applicable in the case of such Employee Claim. In the event that the District incurs any judgment, award and/or cost including attorney's fees arising from the provisions of this section, or to enforce the provisions of this section, arising out of an Employee Claim, any such judgment, award, fees, expenses and costs shall be recoverable from the Contractor. In the event of litigation between the parties to enforce the rights under this section, each party shall be responsible for its own reasonable attorney fees ~~shall be allowed to the substantially prevailing party.~~

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## **8. LIMITATION ON LIABILITY**

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

CONTRACTOR'S TOTAL LIABILITY FOR ANY AND ALL DAMAGES WHATSOEVER ARISING OUT OF OR IN ANY WAY RELATED TO A BREACH OF CONFIDENTIALITY SHALL NOT, IN THE AGGREGATE, EXCEED TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$250,000).

## **8.9. CONFIDENTIALITY OF INFORMATION**

Contractor acknowledges that the District's activities and services to individuals may involve privileged or extremely confidential information, as well as information protected under the Health Insurance Portability and Accountability Act (HIPAA). Contractor shall maintain information secured in the course of carrying out this Agreement with due regard to the strictest confidence and safeguards of information. Contractor and its employees as well as approved subcontractors understand that any violation of confidentiality of client information, whether intentional or due to negligence, and if the same results in any claim, damages, losses, costs, and/or expenses to the District, shall be the subject to the indemnification and hold harmless provisions of this agreement. Further, certain information and in some cases disclosure of client information may be subject to other laws of confidentiality punishable as an offense and/or monetary criminal offense.

## **9.10. VENUE STIPULATION**

This Agreement shall be construed and interpreted in accordance with the laws of the state of Washington. The venue of any action brought hereunder shall be Snohomish County.

## **10.11. AGREEMENT ALTERATIONS AND AMENDMENTS**

All changes to the Agreement shall be through an Agreement Amendment. No oral order or conduct by the District shall constitute a change to the Agreement. If any Agreement Amendment causes an increase or decrease in the cost of, or the time required for performance of any part of the work under this Agreement, the Agreement may be modified if agreed to in writing by both parties.

Agreement Amendments may require a Cost/Price Analysis to determine the reasonableness of the proposed adjustments to the Agreement.

## **11.12. EXTENSION OR TERMINATION**

- A. Except as otherwise provided in this Agreement, the District may extend this Agreement upon thirty (30) days written notification and acceptance of the Contractor.
- B. Termination for Convenience. The District for its convenience may terminate this Agreement, in whole or in part, at any time by written notice sent certified mail, return receipt requested, to the Contractor. After receipt of a Notice of Termination ("Notice"), and except as directed by the District, the Contractor shall immediately stop work as directed in the notice, and comply with all other requirements in the notice. The Contractor shall be paid its costs, including necessary and reasonable Agreement closeout costs and profit on that portion of the work performed and Accepted up to the date of termination as specified in the notice. The Contractor shall promptly submit its request for the termination payment, together with detailed supporting documentation. If the Contractor has any property in its possession belonging to the District, the Contractor shall account for the same and dispose of it in the manner the District directs. Notwithstanding the foregoing or anything to the contrary in this Agreement, Contractor shall own its workpapers and shall be permitted to retain any property or information to the extent incorporated or embodied in its workpapers, and it shall maintain the confidentiality of such property or information in accordance with this Agreement. All termination payment requests may be subject to

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Cost or Price Analysis.

- C. Termination for Default. If the Contractor does not deliver work in accordance with the Agreement, or the Contractor fails to perform in the manner called for in the Agreement, or if the Contractor fails to comply with any material provisions of the Agreement, the District may terminate this Agreement, in whole or in part, for default as follows:
- a. A "Notice to Cure" shall be served on the Contractor by certified mail (return receipt requested) or delivery service capable of providing a receipt. The Contractor shall have ten (10) days to cure the default or provide the District with a detailed written plan, which indicates the time and methods needed to bring the work into compliance and cure the default.
  - b. If the Contractor has not cured the default or the plan to cure the default is not acceptable to the District, the District may terminate the Contract. Termination shall occur by serving a Notice of Termination by certified mail (return receipt requested) or delivery service capable of providing a receipt on the Contractor setting forth the manner in which the Contractor is in default and the effective date of termination.
  - c. The Contractor shall only be paid for work delivered and accepted, less any damages to the District caused by or arising from such default. All termination payment requests are subject to Cost or Price Analysis.
  - ~~d.~~ The termination of this Contract shall in no way relieve the Contractor from any of its obligations under this Contract nor limit the rights and remedies of the District hereunder in any manner.
  - ~~d-e.~~ The Contractor may terminate this Agreement for cause upon thirty (30) days' notice to the District.
- D. Termination for Non-Appropriation. If expected or actual funding is withdrawn, reduced, or limited in any way during the Agreement term or in any Agreement Amendment hereto, the District may, upon written notice to the Contractor, terminate this Agreement in whole or in part. If the Agreement is terminated for non-appropriation:
- a. The District shall be liable only for payment in accordance with the terms of this Agreement performed and accepted prior to the effective date of termination; and,
  - b. The Contractor shall be released from any obligation under this Agreement (including any related purchase order) to provide further work pursuant to the Agreement.

Funding under this Agreement beyond the current appropriation period is conditional upon the appropriation of sufficient funds to support the activities described in this Agreement. Should such an appropriation not be approved, the Agreement shall terminate at the close of the current appropriation period. The appropriation period ends on December 31 of each year.

- E. Prior to the District's use of the service, when and as often as the District determines that the service, furnished under the Agreement is not fully and completely in accordance with any requirement of the Agreement, it may give notice and description of such non-compliance to the Contractor. Within ten (10) business days of receiving such written notification, the Contractor shall supply the District with a detailed, written plan that indicates the time and methods needed to bring the service in compliance with the Agreement. The District may reject or accept this plan at its discretion. If the District rejects the plan the Contractor may be determined to be in material default of the Agreement. This procedure to remedy defects is not intended to limit or preclude any other remedies available to the District by law, including those available under the Uniform Commercial Code, Title 62A RCW.

### 12.13. SAVINGS

In the event funding for this Agreement is withdrawn, reduced, or limited in any way after the effective

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date of this Agreement and prior to expiration, the District may terminate this contract immediately, subject to renegotiation under those new funding limitations and conditions.

#### **13.14. SEVERABILITY**

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement that can be given effect without the invalid provisions, and to this end the provisions of this Agreement are declared to be severable.

#### **14.15. NOTICES**

Unless otherwise directed in writing, notices, reports and payments shall be delivered to the following addresses:

SNOHOMISH HEALTH DISTRICT  
Finance Department  
3020 Rucker Avenue, Suite 308 Everett,  
WA 98201-3900 425.339.5210

[Contractor name and mailing address]

#### **15.16. DEBARMENT**

Contractor certifies that the Contractor has not been: (i) charged with a criminal offense in connection with obtaining, attempting to obtain, or performing of a public (federal, state, or local) contract or subcontract; (ii) listed by a federal governmental agency as debarred; (iii) proposed for debarment or suspension or otherwise excluded from federal program participation; (iv) been convicted of or had a civil judgment rendered against them regarding dishonesty or breach of trust, including but not limited to, the commission of a fraud including mail fraud or false representations, violation of a fiduciary relationship, violation of federal or state antitrust statutes, securities offenses, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; or (v) within a three (3) year period preceding the date of this agreement, had one or more public transactions (federal, state, or local) terminated for cause or default.

#### **16.17. DISCRIMINATION PROHIBITED AND COMPLIANCE WITH EQUAL OPPORTUNITY LEGISLATION**

The Contractor agrees to comply with equal opportunity employment and not to discriminate against client, employee, or applicant for employment or for services because of race, creed, color, religion, national origin, marital status, sex, sexual orientation, age, or handicap except for a bona fide occupational qualification with regard, but not limited to, the following: employment upgrading, demotion or transfer, recruitment or any recruitment advertising, layoff or terminations, rates of pay or other forms of compensation, selection for training, or rendition of services. The Contractor further agrees to maintain (as appropriate) notices, posted in conspicuous places, setting forth the provisions of this nondiscrimination clause. The Contractor

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understands and agrees that if it violates this nondiscrimination provision, this Agreement may be terminated by the District, and further that the Contractor will be barred from performing any services for the District now or in the future, unless a showing is made satisfactory to the District that discriminatory practices have been terminated and that recurrence of such action is unlikely.

**17.18. UNFAIR EMPLOYMENT PRACTICES**

During the performance of this Agreement, the Contractor agrees to comply with RCW 49.60.180, prohibiting unfair employment practices.

**18.19. LEGAL RELATIONS**

The Contractor shall comply with all federal, state, and local laws and ordinances applicable to work to be done under this Agreement. The Contractor represents that the firm and all employees assigned to work on any District project are in full compliance with the statutes of the state of Washington governing activities to be performed and that all personnel to be assigned to the work required under this Agreement are fully qualified and properly licensed to perform the work to which they will be assigned. This Agreement shall be interpreted and construed in accordance with the laws of Washington.

**19.20. INDEPENDENT CONTRACTOR**

- A. The Contractor and the District understand and expressly agree that the Contractor is an independent contractor in the performance of each and every part of this Agreement. The Contractor expressly represents, warrants, and agrees that his status as an independent contractor in the performance of the work and services required under this Agreement is consistent with and meets the six-part independent contractor test set forth in RCW 51.08.195 or as hereafter amended. The Contractor, as an independent contractor, assumes the entire responsibility for carrying out and accomplishing the services required under this Agreement. The Contractor shall make no claim of the District employment nor shall claim any related employment benefits, social security, and/or retirement benefits.

Contractor represents, unless otherwise indicated below, that all employees of Contractor that will provide any of the work under this Agreement have not ever been retired from a Washington State retirement system, including but not limited to Teacher (TRS), School District (SERS), Public Employee (PERS), Public Safety (PSERS), law enforcement and firefighters (LEOFF), Washington State Patrol (WSPRS), Judicial Retirement System (JRS), or otherwise. (Please indicate No or Yes below.)

\_\_\_\_\_ No employees supplying work have ever been retired from a Washington State retirement system.

\_\_\_\_\_ Yes; employees supplying work have been retired from a Washington State retirement system.

In the event the Contractor indicates “no,” but an employee in fact was a retiree of a Washington State retirement system, and because of the misrepresentation the District is required to defend a claim by the Washington State retirement system, or to make contributions for or on account of the employee, or reimbursement to the Washington State retirement system for benefits paid, Contractor hereby agrees to save, indemnify, defend, and hold the District harmless from and against all expenses and costs, including reasonable attorney’s fees incurred in defending the claim of the Washington State retirement system and from all contributions paid or required to be paid, and for all reimbursement required to the Washington State retirement

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system. In the event Contractor affirms that an employee providing work has ever retired from a Washington State retirement system, said employee shall be identified by Contractor, and such retirees shall provide the District with all information required by the District to report the employment with Contractor to the Department of Retirement Services of the State of Washington.

B. The Contractor shall be solely responsible for paying all taxes, deductions, and assessments, including but not limited to federal income tax, FICA, social security tax, assessments for unemployment and industrial injury, and other deductions from income that may be required by law or assessed against either party as a result of this Agreement. In the event the District is assessed a tax or assessment as a result of this Agreement, the Contractor shall pay the same before it becomes due.

C. The District may, during the term of this Agreement, engage other independent contractors to perform the same or similar work that the Contractor performs hereunder.

#### **20-21. CONFLICTS OF INTEREST**

The Contractor agrees to and shall notify the District of any potential conflicts of interest in Contractor's client base and shall obtain written permission from the District prior to providing services to third parties where a conflict or potential conflict of interest is apparent. If the District determines in its sole discretion that a conflict is irreconcilable, the District reserves the right to terminate this Agreement.

#### **21-22. ALL WRITINGS CONTAINED HEREIN**

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

#### **22-23. SEVERABILITY**

- A. If a court of competent jurisdiction holds any part, term, or provision of this Agreement to be illegal or invalid, in whole or in part, the validity of the remaining provisions shall not be affected, and the parties' rights and obligations shall be construed and enforced as if the Agreement did not contain the particular provision held to be invalid.
- B. If any provision of this Agreement is in direct conflict with any statutory provision of the state of Washington, that provision that may conflict shall be deemed inoperative and null and void insofar as it may conflict, and shall be deemed modified to conform to such statutory provision.

#### **23-24. NONWAIVER**

A waiver by either party hereto of a breach by the other party hereto of any covenant or condition of this Agreement shall not impair the right of the party not in default to avail itself of any subsequent breach thereof. Leniency, delay, or failure of either party to insist upon strict performance of any agreement, covenant, or condition of this Agreement, or to exercise any right herein given in any one or more instances, shall not be construed as a waiver or relinquishment of any such agreement, covenant, condition, or right.

#### **24-25. FAIR MEANING**

The terms of this Agreement shall be given their fair meaning and shall not be construed in favor of or against either party hereto because of authorship. This Agreement shall be deemed to have been drafted by both of the parties.



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**EXHIBIT 1**  
**STATEMENT OF WORK**

CONTRACTOR AGREES TO:

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## EXHIBIT 2 INSURANCE

### Indemnification / Hold Harmless

Contractor shall defend, indemnify, and hold the District, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of bodily injury (including death), damage to real property, and damage to tangible personal property to the extent caused by the intentional misconduct, or reckless or negligent acts or omissions of Contractor in connection with the performance of this Agreement, and except for injuries and damages caused by the ~~sole~~ negligence of the District. The District shall provide Contractor with prompt written notice of such claim and cooperate with Contractor in handling the claim. Contractor shall be entitled to control the handling of such claim and to defend or settle any such claim, in its sole discretion, with counsel of its own choosing.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Contractor and the District, its officers, officials, employees, and volunteers, the Contractor's liability, including the duty and cost to defend, hereunder shall be only to the extent of the Contractor's negligence.

It is further specifically and expressly understood that the indemnification provided herein constitutes the Contractor's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties.

### Public Records Requests

In addition to the above paragraphs, when the District provides the Contractor with notice of a public records request, Contractor agrees to save, hold harmless, indemnify, and defend the District, its officers, agents, employees, and elected officials from and against all claims, lawsuits, fees, penalties and costs resulting from the Contractor's violation of the Public Records Act RCW 42.56, or Contractor's failure to produce public records as required under the Public Records Act.

The provisions of this section shall survive the expiration or termination of this agreement.

### Insurance

The Contractor shall procure and maintain insurance, as required in this Section, without interruption from commencement of the Contractor's work through the term of the contract and for thirty (30) days after the physical completion date, unless otherwise indicated herein.

No Limitation. Contractor's maintenance of insurance as required by the agreement shall not be construed to limit the liability of the Contractor to the coverage provided by such insurance, or otherwise limit the District's recourse to any remedy available at law or in equity.

#### A. Minimum Scope of Insurance

Contractor shall obtain insurance of the types described below:

1. Automobile Liability Automobile Liability insurance covering all owned, non-owned,

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hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01

Commercial General Liability Commercial General Liability insurance shall be written at least as broad on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, products-completed operations, stop gap liability, personal injury and advertising injury, and liability assumed under an insured contract. The Commercial General Liability insurance shall be endorsed to provide a per project general aggregate limit using ISO form CG 25 03 05 09 or an equivalent endorsement. There shall be no exclusion for liability arising from explosion, collapse, or underground property damage. The District shall be named as an additional insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the District using an additional insured endorsement CG 20 10 10 01 and Additional Insured-Completed Operations endorsement CG 20 37 10 01 or substitute endorsements providing at least as broad coverage (blanket endorsement acceptable).

2. Workers' Compensation coverage as required by the Industrial Insurance laws of the state of Washington.
3. Professional Liability insurance appropriate to the Contractor's profession.

#### B. Minimum Amounts of Insurance

Contractor shall maintain the following insurance limits:

1. Comprehensive General Liability. Insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate and \$2,000,000 products-completed operations aggregate limit.
2. Automobile Liability. \$1,000,000 combined single limit per accident for bodily injury and property damage.
3. Workers' Compensation. Workers' compensation limits as required by the Workers' Compensation Act of Washington.
4. Professional Liability/Consultant's Errors and Omissions Liability. \$1,000,000 per claim and \$1,000,000 as an annual aggregate.

#### C. Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions for Automobile Liability and Commercial General Liability insurance:

1. The Contractor's insurance coverage shall be primary insurance as respect to the District. Any Insurance, self-insurance, or insurance pool coverage maintained by the District shall be excess of the Contractor's insurance and shall not contribute with it.
2. The Contractor's insurance shall be endorsed to state that coverage shall not be cancelled by either party, except in accordance with RCW 48.18.290, or prior written notice by delivery or mail has been given to the District per policy terms.

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#### D. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A-:VII.

#### E. Verification of Coverage

In signing this agreement, the Contractor is acknowledging and representing that required insurance is active and current. Contractor shall furnish the District with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Contractor before commencement of the work. Further, throughout the term of this Agreement, the Contractor shall provide the District with proof of insurance upon request by the District.

#### F. Subcontractors

The Contractor shall cause each and every subcontractor to provide insurance coverage that complies with all applicable requirements of the Contractor-provided insurance as set forth herein, except the Contractor shall have sole responsibility for determining the limits of coverage required to be obtained by subcontractors. The Contractor shall ensure that the District is an additional insured on each and every subcontractor's Commercial General Liability insurance policy using an endorsement as least as broad as ISO CG 20 10 10 01 for ongoing operations and CG 20 37 10 01 for completed operations.

#### G. Notice of Cancellation

In the event that the Contractor receives notice (written, electronic, or otherwise) that any of the above required insurance coverage is being cancelled and/or terminated, the Contractor shall immediately (within forty-eight (48) hours) provide written notification of such cancellation/termination to the District.

#### H. Insurance shall be Primary - Other Insurance Provision

The Contractor's insurance coverage shall be primary insurance as respect to the District. The Contractor's Automobile Liability and Commercial General Liability insurance policies are to contain, or be endorsed to contain, that they shall be primary insurance as respect to the District. Any Insurance, self-insurance, or self-insured pool coverage maintained by the District shall be excess of the Contractor's insurance and shall not contribute with it.

#### I. Failure to Maintain Insurance

Failure on the part of the Contractor to maintain the insurance as required shall constitute a material breach of contract, upon which the District may, after giving five business days' notice to the Contractor to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the District on demand, or at the sole discretion of the District, offset against funds due the Contractor from the District.

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~~J. Public Entity Full Availability of Contractor Limits~~

~~If the Contractor maintains higher insurance limits than the minimums shown above, the District shall be insured for the full available limits of Commercial General and Excess or Umbrella Liability maintained by the Contractor, irrespective of whether such limits maintained by the Contractor are greater than those required by this contract or whether any certificate of insurance furnished to the District evidences limits of liability lower than those maintained by the Contractor.~~