

SCHOOL DISTRICT AUDIT CONTRACT
20__ - 20__

This School District Audit Contract ("Agreement") is entered into between California public school district or other local educational agency identified in the signature block below ("DISTRICT") and the person or entity identified in the signature block as "Auditor" ("AUDITOR").

RECITALS

This Agreement is based on the following facts and understandings of the parties:

- A. Education Code section 41020 requires the governing board of a school district to either provide for an audit of the books and accounts of the district, including an audit of school district income and expenditures by source of funds, or make arrangements with the county superintendent of schools having jurisdiction over the district to provide for such auditing. In the event the governing board of a school district has not provided for an audit of the books and accounts of the district by April 1, the county superintendent of schools must provide for the audit.
- B. The Education Code further requires a school district to file, not later than December 15, a report of each audit for the preceding fiscal year with the county superintendent of schools, the Department of Education and State Controller, and authorizes the Superintendent of Public Instruction to make any adjustments necessary in future apportionments of all state funds to correct any audit exceptions revealed by such audit reports.
- C. Pursuant to Education Code section 53060, DISTRICT seeks the services of a Certified Public Accountant/Public Accountant to provide special services and advice in financial, economic, accounting and administrative matters in or to comply with its audit obligations under the Education Code and other relevant authority.
- D. AUDITOR is or employs a Certified Public Accountant/Public Accountant specially trained and experienced and qualified to provide the services required, duly authorized and in good standing to practice, licensed by the California State Board of Accountancy and deemed by the State Controller as qualified to conduct audits of local educational agencies.

TERMS

Based upon the Recitals and the promises exchanged by the parties in this Agreement, the parties agree as follows:

- 1. Scope of Services The nature and scope of services under this Agreement are set forth in Attachment "A" and are incorporated by reference into the Agreement.
- 2. Term and Applicable Audit Periods. The initial term of this Agreement shall begin effective upon signature by both parties and shall end upon certification of the audit or as extended by mutual agreement of the parties. The period(s) to be audited under this Agreement includes the following fiscal years beginning July 1 of the year indicated and ending June 30 of the following year: Fiscal years _____.
- 3. Additional Provisions. The attached additional provisions are part of the Agreement and fully incorporated by reference.

AUDITOR

By _____
Entity Name:
Entity Type:
Authorized Signatory Name:
Address:
Date: _____

**SCHOOL DISTRICT
OF KERN COUNTY, CALIFORNIA**

By _____
Signatory Name:
Title:
Address:
Date: _____

ADDITIONAL PROVISIONS OF THIS AGREEMENT

4. Payment.

A. AUDITOR shall provide all labor, equipment, materials and supplies to furnish the services called for under this Agreement in exchange for payment on the terms described in Attachment A. Subject to subparagraph B, AUDITOR shall be paid for services satisfactorily rendered based upon invoices submitted no more frequently than monthly detailing the nature of the services rendered, the person performing the services, the dates of service, amount of time expended each date of service, and the applicable billing rate. AUDITOR's fee shall include any consultations on the audit report, or any revisions, or the furnishing of any additional data, as may be required by the State Controller.

B. In accordance with Education Code section 14505, ninety percent (90%) of the fees shall be paid by DISTRICT to AUDITOR upon satisfactory and timely completion of all requirements under this Agreement, including delivery of copies of the audit report. The remaining ten percent (10%) of AUDITOR's fees shall be paid when the California State Controller certifies the audit report conforms to the reporting provisions of the "Standards and Procedures for Audits of California Local Educational Agencies."

5. Office Facilities. DISTRICT shall provide adequate office facilities (exclusive of equipment, supplies or services) for conducting required on-site work under this Agreement, without charge to AUDITOR.

6. Indemnification. AUDITOR agrees to defend, hold harmless and indemnify DISTRICT (and DISTRICT's officers, employees, trustees, agents, successors and assigns) against all claims, suits, expenses (including reasonable attorney's fees), losses, penalties, fines, costs and liability whether in contract, tort or strict liability (including but not limited to personal injury, death at any time and property damage) arising out of or made necessary by (A) AUDITOR's breach of the terms of this Agreement, (B) the act or omission of AUDITOR, its employees, officers, agents and assigns in connection with the performance of this Agreement, and (C) the presence of AUDITOR, its officers, employees, agents, assigns or invitees on DISTRICT's premises.

In the event that any action or proceeding is brought against DISTRICT by reason of any claim or demand discussed in this section, upon notice from DISTRICT, AUDITOR shall defend the action or proceeding at AUDITOR's expense through counsel reasonably satisfactory to DISTRICT. The obligations to indemnify set forth in this section shall include reasonable attorney's fees and investigation costs and all other reasonable costs, expenses and liabilities from the first notice that any claim or demand is to be made.

7. Insurance Requirements. AUDITOR shall obtain,

pay for and maintain in effect during the life of this Agreement the following policies of insurance issued by an insurance company rated not less than "A-;V" in Best Insurance Rating Guide and admitted to transact insurance business in California: (1) commercial general liability insurance (including contractual, products and completed operations coverages, bodily injury and property damage liability insurance) with single combined limits of not less than \$1,000,000 per occurrence; (2) commercial automobile liability insurance for "any auto" with combined single limits of liability of not less than \$1,000,000 per occurrence; (3) professional liability insurance (errors and omissions) with a limit of liability of not less than \$1,000,000 per occurrence; and (4) workers' compensation insurance as required under state law.

Each policy shall contain an endorsement naming DISTRICT as an additional insured insofar as this Agreement is concerned, and provide that written notice shall be given to DISTRICT at least 30 days prior to cancellation or material change in the form of the policy or reduction in coverage. AUDITOR shall furnish DISTRICT with a certificate of insurance containing the endorsements required under this section, and DISTRICT shall have the right to inspect AUDITOR's original insurance policies upon request. Upon notification of receipt of a notice of cancellation, change or reduction in coverage, AUDITOR shall immediately file with DISTRICT a certified copy of the required new or renewal policy and certificates for such policy.

Nothing in this section concerning minimum insurance requirements shall reduce AUDITOR's liabilities or obligations under the indemnification provisions of this Agreement.

8. Status of Parties. The parties agree that AUDITOR, in performing the services specified in this Agreement, shall act as an independent contractor. Except as specified in this Agreement, AUDITOR shall determine the means and methods for carrying out the work to achieve the result required by DISTRICT. AUDITOR shall be free to contract for similar services to be performed while under contract with DISTRICT; provided that AUDITOR will not accept such engagements which interfere with performance under this Agreement. AUDITOR is not entitled to participate in any pension plan, insurance, bonus or similar benefits DISTRICT provides for its employees.

Any employees or assistants retained by AUDITOR shall be the responsibility of AUDITOR and not of DISTRICT. AUDITOR shall determine the hours during which the service shall be performed and the sequence of tasks, subject to the reasonable business needs of DISTRICT.

9. Termination. One party may terminate this Agreement prior to its expiration if the other party commits a material breach of this Agreement and fails to cure the breach within 15 days after written demand. A material

breach on the part of AUDITOR includes, but is not limited to, failure to comply with any confidentiality provisions in this Agreement, failure to comply with the insurance and indemnification requirements of the Agreement, as well as the unlawful harassment of any person on DISTRICT's premises or otherwise in connection with this Agreement.

In addition, DISTRICT may terminate this Agreement on written notice if a petition in bankruptcy is filed by or against AUDITOR, or if AUDITOR is adjudged insolvent by any court, or is subject to any similar proceeding in any jurisdiction. Termination in such a case is effective as of the date of the filing of the petition, adjudication, appointment, assignment or declaration, or commencement of liquidation.

DISTRICT may also terminate this Agreement without cause, on 30 days written notice, in which case AUDITOR shall be paid for all services rendered up until the effective date of the notice of termination.

This Agreement shall automatically terminate in the event AUDITOR is declared ineligible by the State Controller to conduct audits of local education agencies, or if AUDITOR is in violation of any auditor rotation statutes, regulations or other applicable authority.

10. Miscellaneous Provisions.

A. Entire Agreement. This Agreement, including any exhibits or schedules referred to which it refers, constitutes the final, complete and exclusive statement of the terms of agreement between the parties pertaining to the auditing and accounting services to be performed by AUDITOR. It supersedes all prior and contemporaneous understandings or agreements of the parties. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Agreement.

B. Amendment. The provisions of this Agreement may be modified only by mutual agreement of the parties. No modification shall be binding unless it is in writing and signed by the party against whom enforcement of the modification is sought.

C. Waiver. Any of the terms or conditions of this Agreement may be waived at any time by the party entitled to the benefit of the term or condition, but no such waiver shall affect or impair the right of the waiving party to require observance, performance or satisfaction either of that term or condition as it applies on a subsequent occasion or any other term or condition of this Agreement.

D. Assignment. Neither party may assign any rights or benefits or delegate any duties under this Agreement without the written consent of the other party or parties. Any purported assignment without written consent shall be void.

E. Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person other than the parties to it and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party of this Agreement, nor shall any provision give any third persons any right of subrogation or action against any party to this Agreement.

F. Severability. If any provision of this Agreement is held by a court or arbitrator of competent jurisdiction to be invalid or unenforceable, the remainder of the Agreement shall continue in full force and effect and shall in no way be impaired or invalidated.

G. Governing Law. The rights and obligations of the parties and the interpretation and performance of this Agreement shall be governed by the laws of California, excluding any statute which directs the application of the laws of another jurisdiction.

H. Notices. Any notice under this Agreement shall be in writing, and any written notice or other document shall be deemed to have been duly given on the date of personal service on the parties or on the second business day after mailing if the document is mailed by registered or certified mail, addressed to the parties at the addresses listed on the signature page, or at the most recent address specified by the addressee through written notice under this provision. Failure to conform to the requirement that mailings be done registered or certified mail shall not defeat the effectiveness of notice actually received by the addressee.

I. Authority to Enter Into Agreement. Each party to this Agreement represents and warrants that it has the full power and authority to enter into this Agreement and to carry out the transactions contemplated by it, and has taken all action necessary to authorize the execution, delivery and performance of the Agreement.

J. Conflict of Interest. The parties to this Agreement have read and are aware of the provisions of Section 1090 and following and 87100 and following of the Government Code relating to conflict of interest of public officers and employees. AUDITOR represents that it is aware of no financial or economic interest of any officer or employee of DISTRICT relating to this Agreement. It is further understood that if such a financial interest does exist at the inception of this Agreement, DISTRICT may immediately terminate this Agreement by giving written notice to AUDITOR. AUDITOR shall comply with the terms of Government Code section 87100 and following during the term of this Agreement.

K. Compliance with Law. In the course of performing this Agreement, AUDITOR shall observe and comply with all applicable federal, state and local laws, regulations and ordinances now in effect or subsequently enacted.

L. Nondiscrimination. Neither AUDITOR, nor any officer, agent, employee or subcontractor of AUDITOR shall discriminate in the treatment or employment of any individual or groups of individuals on any ground prohibited by law, nor shall any of them harass any person in the course of performing this Agreement based on gender or any other basis prohibited by applicable law.

M. Ownership of Documents. All reports, documents and other items generated in the course of providing services to DISTRICT shall be the property of DISTRICT, and shall be provided to DISTRICT upon full completion of services, termination of this Agreement or as otherwise specified in the Agreement.

N Licenses and Permits. AUDITOR represents that AUDITOR, and AUDITOR's employees who will render services under this Agreement, are fully qualified and competent to provide the services called for under the Agreement. AUDITOR shall secure and maintain in force any permits or licenses required to perform the services called for under this Agreement, at AUDITOR's expense unless specified otherwise in the Agreement. AUDITOR represents that AUDITOR has satisfactorily completed any quality control reviews required under the Education Code or other applicable authority.

AUDITOR further represents and warrants that any of AUDITOR's personnel who will perform services under this Agreement are eligible and authorized to provide audit services under any applicable auditor rotation statutes or regulations.

O. Confidentiality. AUDITOR shall at all times protect the confidentiality of all matters for which AUDITOR

provides service or to which AUDITOR has access under this Agreement, including, but not limited to, any records pertaining to pupils or employees. AUDITOR shall not disclose or discuss the facts of any such matter with any person other than DISTRICT's authorized representatives without prior written consent of DISTRICT, a court order, judicial subpoena or other valid legal process. AUDITOR shall notify DISTRICT immediately by telephone and facsimile of any subpoena or court order seeking information covered by this Agreement.

P. AUDITOR's Records. AUDITOR agrees to maintain and make available to DISTRICT accurate books and records relative to all its activities under this Agreement. AUDITOR shall permit DISTRICT to audit, examine and make excerpts and transcripts from such records, and to conduct audits of all invoices, materials, records of personnel or other data related to all other matters covered by this Agreement. Consultant shall maintain such data and records in an accessible location and condition for a period of not less than years from the date of final payment under this Agreement.

Q. Pupil Safety Requirements. DISTRICT has determined that AUDITOR's activities will involve limited or no contact with DISTRICT's pupils. However, in order to help assure the safety of pupils in the event AUDITOR's personnel visit any school sites where pupils are present, AUDITOR's employees shall check in at the site office upon arrival and departure to notify DISTRICT's personnel of their presence. AUDITOR's employees shall not travel to areas of the campus where pupils are present other than the site office without the consent of DISTRICT or DISTRICT's designee.

**ATTACHMENT A
SCOPE OF SERVICES
SCHOOL DISTRICT AUDIT CONTRACT**

1. Audit Procedure and Scope.

(a) The audit performed by AUDITOR shall be made in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States of America, and shall include, to the extent applicable, the audit procedure recommended by the Controller of the State of California as detailed in the latest edition of the *“Standards and Procedures for Audits of California Local Agencies”* and such other publications on school district and county superintendent audit procedures of the Controller’s Office as have been or shall be issued during the period of this contract. The scope of audit shall not be limited to that provided in these publications in the event that in the opinion of the auditor particular circumstances warrant extension of the audit.

(b) Each audit shall include all funds of the District including the student body and cafeteria funds and accounts, and any other funds under the control or jurisdiction of the District; funds of regional occupational centers and programs maintained by the county superintendent of schools, a school district, or pursuant to a joint powers agreement. Each audit shall also include an audit of attendance procedures.

(c) In cases where AUDITOR can and does rely upon the work of a state agency, another individual accountant or firm of certified public accountants or public accountants, AUDITOR shall state in the report the extent of that reliance and shall name the agency, accountant, or accountants upon whose work AUDITOR relies. This paragraph shall not limit the responsibility of AUDITOR or obligate AUDITOR to accept or perform work which is not in compliance with the specifications of the engagement.

(d) AUDITOR shall begin work on this engagement as soon as practicable after the execution of this Agreement. Work to be performed in the district shall be done at a time to be mutually agreed upon by both parties.

2. Form and Content of Reports.

The form and content of the audit report shall conform to the extent practicable with the form and content prescribed by the Controller of the State of California pursuant to Education Code section 41020 and as detailed in the latest edition of the publication entitled, *“Standards and Procedures for Audits of California Local Educational Agencies”*. Access to working papers shall be provided to the State Controller.

3. Rendering Reports.

(a) Time of the essence of this Agreement. The audit shall be completed and the audit report shall be filed as required in Section 4 below no later than December 15 after the school year ending June 30. Legislation does not provide for an extension of this filing date. If the completed report is not submitted by this deadline, DISTRICT shall not be obligated to accept the report or to pay for it or for any work done in its preparation. Under these circumstances, DISTRICT may immediately engage the services of another auditor.

(b) AUDITOR agrees to discuss the final report with the administration office of DISTRICT prior to its final preparation and, if requested, to personally present the final audit report to the Board of Trustees in order that the audit might be fully understood and any questions answered. As a result of the audit, AUDITOR shall provide reasonable counseling and guidance with respect to more acceptable and effective methods of accounting for DISTRICT.

4. Filing of Reports.

Copies of the report of examination required by this Agreement to be made shall be prepared and substantially bound by AUDITOR and filed with each of the following offices and departments on or before December 15:

- (1) County Superintendent of Schools
- (2) State Controller
- (3) California Department of Education, School Fiscal Services Division
- (4) Federal Audit Clearinghouse, Bureau of the Census

(5) School District _____ copies

5. Compensation.

(a) The auditing services provided under this Agreement may be performed by AUDITOR with the assistance of accountants and clerical employees employed and paid by AUDITOR. AUDITOR shall bill DISTRICT for such services at the following hourly rates:

| | |
|---------------------------|----------|
| Supervision Accountant | \$ _____ |
| Senior Accountant | \$ _____ |
| Assistant Accountant | \$ _____ |
| Typist and Other Clerical | \$ _____ |

AUDITOR shall also be reimbursed for reasonable necessary travel expenses at the applicable IRS mileage rate.

The total amount which shall be paid to AUDITOR under this Agreement shall not exceed the sum of _____ (\$ _____) per year.

(b) In the event the circumstances disclosed by the audits indicate that more detailed verification is required in addition to that which would be sufficient under ordinary circumstances such that the billing by AUDITOR may exceed the total amount referred to in subparagraph (a) above, AUDITOR shall perform such extended verification at the rates discussed above if directed in writing to do so by DISTRICT.