



COUNTY OF HUMBOLDT

AGENDA ITEM NO.

C-1

For the meeting of: July 18, 2017

Date: June 21, 2017
To: Board of Supervisors
From: Auditor-Controller *MSM*
Subject: Contract for External Audit for Fiscal Year 2016-2017

RECOMMENDATION (S):

1. That the Board of Supervisors approve the Professional Services and HIPAA Business Associate Agreements with the accounting firm of CliftonLarsonAllen LLP, CPAs, of Roseville, California regarding the County's financial audit for the year ended June 30, 2017,
2. Authorize the Chair of the Board to sign two (2) originals of the proposed Professional Services Agreement as well as the engagement letter and HIPAA Business Associate Agreement attached thereto.
3. Direct the Clerk of the Board to return one (1) signed original of the proposed Professional Services Agreement to the Auditor-Controller.

DISCUSSION:

Each year the County contracts with a CPA firm to conduct an audit of the County's finances and to prepare the single audit schedules required by federal agencies. Gallina LLP recently performed the audit of the County's finances for the year ended June 30, 2016. Gallina LLP merged with a larger national accounting firm, CliftonLarsonAllen LLP based in Minneapolis, Minnesota, on January 1, 2017, and now operates under the name of the larger firm.

Prepared by: Joseph Mellett, Auditor-Controller

CAO Approval *[Signature]*

REVIEW:

Auditor _____ County Counsel *Sm* Personnel _____ Risk Manager *Ken* Other _____

TYPE OF ITEM:

☒ Consent
☐ Departmental
☐ Public Hearing
☐ Other _____

PREVIOUS ACTION/REFERRAL:

Board Order No. _____

Meeting of: _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor *Fennell*
Seconded by Supervisor *Wilson*
And unanimously carried by those members present,
The Board hereby adopts the recommended action
contained in this report.

Dated: *July 18, 2017*

KATHY HAYES, Clerk of the Board

By: *Babe Eberst*

This merger will not have any material effect on Humboldt County's audit for June 30, 2017, as all of the principal auditors and partners we have worked with in the past will remain attached to our engagement. In all of our previous history with Gallina LLP their performance has been professionally competent and they completed their audits by the projected finish date. Therefore, the Auditor-Controller recommends that your Board contract with CliftonLarsonAllen LLP to conduct the audit for the year ended June 30, 2017, in order to maintain the County's compliance with the Single Audit Act and other regulatory requirements.

FINANCIAL IMPACT

The remuneration for these services is \$71,500 with an additional travel and lodging element not to exceed \$5,000. These costs are paid out of the County General Fund, budget unit 101.

This is consistent with the Board's Strategic Framework in that it provides data to evaluate new and existing programs and also provides data on changes to reserve and contingency balances. This is an essential measure to manage the County's resources to ensure sustainability of services.

OTHER AGENCY INVOLVEMENT

None

ALTERNATIVES TO STAFF RECOMMENDATIONS

Your Board could choose to contract with a CPA firm other than CliftonLarsenAllen LLP or delay a decision pending more research on the matter. However, this is not recommended since our previous engagements with these auditors were completed in a manner that was professionally competent and timely.

ATTACHMENTS

Professional Services Agreement with CliftonLarsenAllen LLP along with attached engagement letter (Exhibit A) and HIPAA Business Associate Agreement (Exhibit B)

**PROFESSIONAL SERVICES AGREEMENT
BY AND BETWEEN
COUNTY OF HUMBOLDT
AND
CLIFTONLARSONALLEN LLP, CERTIFIED PUBLIC ACCOUNTANTS**

This Agreement, entered into this 18 day of July 2017, by and between the County of Humboldt, a political subdivision of the State of California, hereinafter referred to as "COUNTY," and CliftonLarsonAllen LLP, Certified Public Accountants, a limited liability partnership, hereinafter referred to as "AUDITOR," is made upon the following considerations:

WHEREAS, pursuant to California Government Code Section 25250, COUNTY is required to biennially examine and audit the financial accounts and records of COUNTY officers that are responsible for the care, management, collection, receipt or disbursement of money belonging to COUNTY; and

WHEREAS, pursuant to Title 31 of the United States Code ("U.S.C.") Section 7502, COUNTY, as a recipient of federal financial assistance in excess of Three Hundred Thousand Dollars (\$300,000.00), is required to conduct an audit for each fiscal year; and

WHEREAS, pursuant to California Government Code Section 25250, COUNTY, by and through its Auditor-Controller's Office, desires to retain an independent certified public accountant firm to conduct an audit examination of COUNTY's financial statements and to report its findings to the Humboldt County Board of Supervisors; and

WHEREAS, AUDITOR is a California certified public accountant firm and represents that it is specially trained, skilled, experienced and qualified to perform the auditing services required by COUNTY; and

WHEREAS, COUNTY has relied upon AUDITOR's professional ability and training as a material inducement to enter into this Agreement.

NOW THEREFORE, the parties mutually agree as follows:

1. DESCRIPTION OF SERVICES:

AUDITOR agrees to provide the services described herein and in the Engagement Letter dated March 30, 2017, which is attached hereto as Exhibit A and incorporated herein by reference as if set forth in full. In providing such services, AUDITOR agrees to fully cooperate with the Humboldt County Auditor-Controller or designee thereof.

2. RIGHTS AND RESPONSIBILITIES OF THE PARTIES:

A. Examination and Audit Services. AUDITOR shall conduct a careful and complete examination of the financial accounts and records of all COUNTY offices and other entities governed by the Humboldt County Board of Supervisors that are shown in the adopted Humboldt County Budget for the 2016-2017 fiscal year, copies of which are on file in the Humboldt County Auditor-Controller's Office.

1. AUDITOR shall conduct the audit in accordance with the requirements set forth in Title 2 of the Code of Federal Regulations ("C.F.R.") Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. The audit shall be the financial and compliance type described in the Standards for Audit of

Governmental Organizations, Programs, Activities and Functions published by the
Comptroller General of the United States

- 2 AUDITOR's examination of COUNTY's financial statements shall be the financial type described in the American Institute of Certified Public Accountants ("AICPA") Industry Audit Guide, Audits of State and Local Governmental Units, as revised, and the Governmental Accounting and Financial Reporting Standards published by the AICPA. The examination shall be conducted in accordance with generally accepted auditing standards leading to the expression of an opinion in compliance with Rule 58 1 of the California State Board of Accountancy
 - 3 AUDITOR shall supply special reports and expressions as required by any federal agency, as that term is defined in 31 U S C Section 7501, and express an opinion on compliance by COUNTY and other entities audited with all federal assistance programs in accordance with the requirements set forth in 2 C F R Part 200
 - 4 AUDITOR shall evaluate the internal control of all COUNTY departments with respect to their financial operations
 - 5 AUDITOR shall commence the required examination upon the date of execution of this Agreement and shall report their findings by such date and time as the Humboldt County Auditor-Controller shall determine
- B Access to COUNTY Data AUDITOR shall have access to and shall be permitted to use figures, tabulations, statistical schedules and other data already assembled or prepared by COUNTY or for COUNTY purposes. Neither the Humboldt County Auditor-Controller, nor any personnel employed thereby, shall be employed by AUDITOR in connection with the audits required by this Agreement, nor shall the Humboldt County Auditor-Controller, nor any personnel employed thereby, be called upon to perform any service other than the performance of the regular duties of the Humboldt County Auditor-Controller's Office
- C Reporting Subject to the requirements of professional independence, AUDITOR agrees to appear in person before the Humboldt County Board of Supervisors upon COUNTY's request, in order to report on the progress of the services being provided pursuant to the terms and conditions of this Agreement. AUDITOR anticipates presenting a final report to COUNTY by December 31, 2017 and agrees to present a final report to COUNTY no later than April 1, 2018
- D Submission of Opinions and Reports AUDITOR shall submit to COUNTY up to seventy-five (75) copies of each opinion or report required hereunder. AUDITOR consents to the re-printing of its findings in official statements prepared by COUNTY and COUNTY's underwriters, associated with short-term tax and revenue anticipation notes and/or commercial paper borrowings
- E Supplemental Investigations AUDITOR shall prepare and submit to COUNTY a detailed report describing any irregularities or unforeseen conditions requiring investigations beyond the scope of the services required hereunder. Should further investigation be authorized by COUNTY, additional compensation therefor shall be in such amount as may then be agreed upon by AUDITOR and COUNTY

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- F Incidental Costs and Expenses AUDITOR shall bear any and all costs and expenses incurred in the preparation of each opinion or report provided to COUNTY pursuant to the terms and conditions of this Agreement
- G Electronic Data Processing Costs COUNTY shall pay, as authorized in writing by the Humboldt County Auditor-Controller, the costs incurred for Electronic Data Processing runs requested by AUDITOR
- H Management Responsibilities COUNTY agrees to perform all of its obligations set forth herein in accordance with the terms and conditions of the "Management Responsibilities" described in Exhibit A – Engagement Letter

3 TERM

Unless sooner terminated as provided herein, the term of this Agreement shall begin upon execution by both parties and shall remain in full force and effect until all required services and responsibilities have been completed

4 TERMINATION

- A Breach of Contract If, in the opinion of COUNTY, AUDITOR fails to adequately perform the services required hereunder within the time limits specified herein, or otherwise fails to comply with the terms of this Agreement, or violates any ordinance, regulation or other law applicable to its performance herein, COUNTY may terminate this Agreement immediately, upon notice
- B Without Cause COUNTY may terminate this Agreement without cause upon thirty (30) days written notice to AUDITOR. Such notice shall state the effective date of the termination
- C Insufficient Funding COUNTY's obligations under this Agreement are contingent upon the availability of local, state and/or federal funds. In the event such funding is reduced or eliminated, COUNTY shall, at its sole discretion, determine whether this Agreement shall be terminated. COUNTY shall provide AUDITOR seven (7) days advance written notice of its intent to terminate this Agreement due to insufficient funding
- D Compensation Upon Termination In the event of any termination of this Agreement, AUDITOR shall be entitled to compensation for uncompensated services rendered hereunder through and including the effective date of such termination. This provision shall not limit or reduce any damages owed to COUNTY due to a breach of this Agreement by AUDITOR

5 COMPENSATION

- A Maximum Amount Payable The maximum amount payable by COUNTY for services rendered, and costs and expenses incurred, including, without limitation, travel and living expenses, pursuant to the terms and conditions of this Agreement shall not exceed Seventy-Six Thousand Five Hundred Dollars (\$76,500.00). AUDITOR agrees to perform all services required by this Agreement for an amount not to exceed such maximum dollar amount. However, if local, state or federal funding or allowance rates are reduced or eliminated, COUNTY may, by amendment, reduce the maximum amount payable for services provided hereunder, or terminate this Agreement as provided herein
- B Schedule of Rates The specific rates and costs applicable to this Agreement are set forth in Exhibit A – Engagement Letter

- C. Additional Services. Any additional services not otherwise provided for herein shall not be provided by AUDITOR, or compensated by COUNTY, without written authorization by COUNTY. All unauthorized costs and expenses incurred above the maximum payable amount set forth herein shall be the responsibility of AUDITOR. AUDITOR shall notify COUNTY, in writing, at least six (6) weeks prior to the date upon which AUDITOR estimates that the maximum payable amount will be reached.

6. PAYMENT:

AUDITOR shall submit to COUNTY monthly invoices itemizing all services rendered, and costs and expenses incurred, pursuant to the terms and conditions of this Agreement. Invoices shall be in a format approved by, and shall include backup documentation as specified by, the Auditor-Controller. AUDITOR shall submit a final invoice for payment within thirty (30) days following the expiration or termination date of this Agreement. Payment for services rendered, and costs and expenses incurred, pursuant to the terms and conditions of this Agreement shall be made within thirty (30) days after the receipt of approved invoices. All invoices submitted by AUDITOR shall be sent to COUNTY at the following address:

COUNTY: Humboldt County Administrative Office
Attention: Amy Nilsen, County Administrative Officer
825 Fifth Street, Room 112
Eureka, California 95501

7. NOTICES:

Any and all notices required to be given pursuant to the terms of this Agreement shall be in writing and either served personally or sent by certified mail, return receipt requested, to the respective addresses set forth below. Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the foregoing.

COUNTY: Humboldt County Administrative Office
Attention: Amy Nilsen, County Administrative Officer
825 Fifth Street, Room 112
Eureka, California 95501

AUDITOR: CliftonLarsonAllen LLP, Certified Public Accountants
Attention: Richard Gonzalez
925 Highland Pointe Drive, Suite 450
Roseville, California 95678

8. RECORD RETENTION AND INSPECTION:

- A. Maintenance and Preservation of Records. AUDITOR agrees to timely prepare accurate and complete financial, performance and payroll records, documents and other evidence relating to the services provided pursuant to the terms and conditions of this Agreement, and to maintain and preserve said records for at least three (3) years from the date of final payment hereunder, except that if any litigation, claim, negotiation, audit or other action is pending, the records shall be retained until completion and resolution of all issues arising therefrom. The books and records shall be original entry books with a general ledger itemizing all debits and credits for the services provided pursuant to the terms and conditions of this Agreement.

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- B. Inspection of Records. Pursuant to California Government Code Section 8546.7, all records, documents, conditions and activities of AUDITOR, and its subcontractors, related to the services provided pursuant to the terms and conditions of this Agreement, shall be subject to the examination and audit of the California State Auditor and any other duly authorized agents of the State of California for a period of three (3) years after final payment hereunder. Subject to the requirements of professional independence, AUDITOR hereby agrees to make all such records available during normal business hours to inspection, audit and reproduction by COUNTY and any duly authorized local, state and/or federal agencies. AUDITOR further agrees to allow interviews of any of its employees who might reasonably have information related to such records by COUNTY and any duly authorized local, state and/or federal agencies. All examinations and audits conducted hereunder shall be strictly confined to those matters connected with the performance of this Agreement, including, but not limited to, the costs of administering this Agreement.
- C. Audit Exceptions. In the event of an audit exception or exceptions related to the services provided pursuant to the terms and conditions of this Agreement, the party responsible for not meeting the requirements set forth herein shall be responsible for the deficiency and for the cost of the audit. If the allowable expenditures cannot be determined because AUDITOR's documentation is nonexistent or inadequate, according to generally accepted accounting practices, the questionable cost shall be disallowed by COUNTY.

9. MONITORING:

Subject to the requirements of professional independence, AUDITOR agrees that COUNTY has the right to monitor all activities related to this Agreement, including, without limitation, the right to review and monitor AUDITOR's records, programs or procedures, at any time, as well as the overall operation of AUDITOR's programs, in order to ensure compliance with the terms and conditions of this Agreement. AUDITOR will cooperate with a corrective action plan, if deficiencies in AUDITOR's records, programs or procedures are identified by COUNTY. However, COUNTY is not responsible, and will not be held accountable, for overseeing or evaluating the adequacy of the results of services performed by AUDITOR pursuant to the terms and conditions of this Agreement.

10. CONFIDENTIAL INFORMATION:

- A. Disclosure of Confidential Information. In the performance of this Agreement, AUDITOR may receive information that is confidential under local, state or federal law. AUDITOR hereby agrees to protect all confidential information in conformance with any and all applicable local, state and federal laws, regulations, policies, procedures and standards, including, but not limited to: California Welfare and Institutions Code Sections 827, 5328, 10850 and 14100.2; California Health and Safety Code Sections 1280.15 and 1280.18; the California Information Practices Act of 1977; the California Confidentiality of Medical Information Act ("CMIA"); the United States Health Information Technology for Economic and Clinical Health Act ("HITECH Act"); the United States Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and any current and future implementing regulations promulgated thereunder, including, without limitation, the Federal Privacy Regulations contained in 45 C.F.R. Parts 160 and 164, the Federal Security Standards contained in 45 C.F.R. Parts 160, 162 and 164 and the Federal Standards for Electronic Transactions contained in 45 C.F.R. Parts 160 and 162, all as may be amended from time to time.
- B. HIPAA Business Associate Agreement. AUDITOR hereby agrees to adhere to the terms and conditions of the "County of Humboldt HIPAA Business Associate Agreement," which is attached hereto as Exhibit B and incorporated herein by reference as if set forth in full.

- C Continuing Compliance with Confidentiality Laws The parties acknowledge that local, state and federal laws, regulations and standards pertaining to confidentiality, electronic data security and privacy are rapidly evolving and that amendment of this Agreement may be required to ensure compliance with such developments. Each party agrees to promptly enter into negotiations concerning an amendment to this Agreement embodying written assurances consistent with the standards and requirements of HIPAA, the HITECH Act, the CMIA and any other applicable local, state and federal laws, regulations or standards.

11 NON-DISCRIMINATION COMPLIANCE

- A Professional Services and Employment In connection with the execution of this Agreement, AUDITOR, and its subcontractors, shall not unlawfully discriminate in the provision of professional services or against any employee or applicant for employment because of race, religion or religious creed, color, age (over forty (40) years of age), sex (including gender identity and expression, pregnancy, childbirth and related medical conditions), sexual orientation (including heterosexuality, homosexuality and bisexuality), national origin, ancestry, marital status, medical condition (including cancer and genetic characteristics), mental or physical disability (including HIV status and AIDS), political affiliation, military service, denial of family care leave or any other classifications protected by local, state or federal laws or regulations. Nothing herein shall be construed to require the employment of unqualified persons.
- B Compliance with Anti-Discrimination Laws AUDITOR further assures that it, and its subcontractors, will abide by the applicable provisions of Title VI and Title VII of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, the Food Stamp Act of 1977, Title II of the Americans with Disabilities Act of 1990, the California Fair Employment and Housing Act, California Civil Code Sections 51, et seq., California Government Code Sections 4450, et seq., California Welfare and Institutions Code Section 10000, Division 21 of the California Department of Social Services Manual of Policies and Procedures, United States Executive Order 11246, as amended and supplemented by United States Executive Order 11375 and 41 C.F.R. Part 60, and any other applicable local, state and/or federal laws and regulations, all as may be amended from time to time. The applicable regulations of the California Fair Employment and Housing Commission implementing California Government Code Section 12990, set forth in Chapter 5, Division 4 of Title 2 of the California Code of Regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full.

12 NUCLEAR FREE HUMBOLDT COUNTY ORDINANCE COMPLIANCE

By executing this Agreement, AUDITOR certifies that it is not a Nuclear Weapons Contractor, in that AUDITOR is not knowingly or intentionally engaged in the research, development, production or testing of nuclear warheads, nuclear weapons systems or nuclear weapons components, as defined by the Nuclear Free Humboldt County Ordinance. AUDITOR agrees to notify COUNTY immediately if it becomes a Nuclear Weapons Contractor as defined above. COUNTY may immediately terminate this Agreement if it determines that the foregoing certification is false or if AUDITOR subsequently becomes a Nuclear Weapons Contractor.

13 DRUG-FREE WORKPLACE CERTIFICATION

By executing this Agreement, AUDITOR certifies that it will comply with the requirements of the Drug-Free Workplace Act of 1990 (California Government Code Sections 8350, et seq.) and will provide a drug-free workplace by doing all of the following:

- A Drug-Free Policy Statement Publish, as required by California Government Code Section 8355(a)(1), a Drug-Free Policy Statement which notifies employees that the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited, and specifies the actions to be taken against employees for violations
- B Drug-Free Awareness Program Establish, as required by California Government Code Section 8355(a)(2), a Drug-Free Awareness Program which informs employees about the following
 - 1 The dangers of drug abuse in the workplace,
 - 2 AUDITOR's policy of maintaining a drug-free workplace,
 - 3 Any available counseling, rehabilitation and employee assistance programs, and
 - 4 Penalties that may be imposed upon employees for drug abuse violations
- C Drug-Free Employment Agreement Ensure, as required by California Government Code Section 8355(a)(3), that every employee who provides services pursuant to the terms and conditions of this Agreement will
 - 1 Receive a copy of AUDITOR's Drug-Free Policy Statement, and
 - 2 Agree to abide by AUDITOR's Drug-Free Policy as a condition of employment.
- D Effect of Noncompliance Failure to comply with the above-referenced requirements may result in suspension of payments under this Agreement and/or termination thereof, and AUDITOR may be ineligible for award of future contracts if COUNTY determines that the foregoing certification is false or if AUDITOR violates the certification by failing to carry out the above-referenced requirements

14 INDEMNIFICATION

- A Hold Harmless, Defense and Indemnification AUDITOR shall hold harmless, defend and indemnify COUNTY and its agents, officers, officials, employees and volunteers from and against any and all claims, demands, losses, damages, liabilities, expenses and costs of any kind or nature, including, without limitation, attorney's fees and other costs of litigation, arising out of, or in connection with, AUDITOR's negligent performance of, or failure to comply with, any of the duties and/or obligations contained herein, except such loss or damage which was caused by the sole negligence or willful misconduct of COUNTY
- B Effect of Insurance Acceptance of insurance, if required by this Agreement, does not relieve AUDITOR from liability under this provision This provision shall apply to all claims for damages related to the services performed by AUDITOR pursuant to the terms and conditions of this Agreement regardless if any insurance is applicable or not The insurance policy limits set forth herein shall not act as a limitation upon the amount of indemnification or defense to be provided by AUDITOR hereunder

15 INSURANCE REQUIREMENTS

This Agreement shall not be executed by COUNTY, and AUDITOR is not entitled to any rights hereunder, unless certificates of insurance, or other sufficient proof that the following provisions have been complied with, are filed with the Clerk of the Humboldt County Board of Supervisors

- A General Insurance Requirements Without limiting AUDITOR's indemnification obligations provided for herein, AUDITOR shall, and shall require that all subcontractors hereunder, take out and maintain, throughout the entire period of this Agreement, and any extended term thereof, the following policies of insurance, placed with insurers authorized to do business in the State of California with a current A M Bests rating of no less than A VII or its equivalent against personal injury, death and property damage which may arise from, or in connection with, the activities of AUDITOR and its agents, officers, directors, employees, licensees, invitees, assignees or subcontractors
- 1 Comprehensive or Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability Coverage Form CG 0001, in an amount of Two Million Dollars (\$2,000,000 00) per occurrence for any one (1) incident, including, but not limited to, personal injury, death and property damage If a general aggregate limit is used, such limit shall apply separately or be twice the required occurrence limit
 - 2 Automobile/Motor Liability Insurance with a limit of liability not less than One Million Dollars (\$1,000,000 00) combined single limit coverage Such insurance shall include coverage of all owned, hired and non-owned vehicles Said coverage shall be at least as broad as Insurance Service Offices Form Code 1 (any auto)
 - 3 Workers' Compensation Insurance, as required by the Labor Code of the State of California, with statutory limits, and Employers Liability Insurance with a limit of no less than One Million Dollars (\$1,000,000 00) per accident for bodily injury or disease Said policy shall contain, or be endorsed to contain, a waiver of subrogation against COUNTY, its agents, officers, officials, employees and volunteers
 - 4 Professional Liability Insurance – Error and Omission Coverage including coverage in an amount no less than Two Million Dollars (\$2,000,000 00) for each occurrence (Four Million Dollars (\$4,000,000 00) general aggregate) Said insurance shall be maintained for the statutory period during which AUDITOR may be exposed to liability AUDITOR shall require that such coverage be incorporated into its agreements with other entities
- B Special Insurance Requirements Said policies shall, unless otherwise specified herein, be endorsed with the following provisions
- 1 The Comprehensive or Commercial General Liability Policy shall provide that COUNTY, and its agents, officers, officials, employees and volunteers, are covered as additional insured for liability arising out of the operations performed by, or on behalf of, AUDITOR The coverage shall contain no special limitations on the scope of protection afforded to COUNTY, its agents, officers, officials, employees and volunteers Said policy shall also contain a provision stating that such coverage
 - a Includes contractual liability
 - b Does not contain exclusions as to property damage caused by explosion collapse of structures or underground property damage, referred to as "XCU Hazards "
 - c Is the primary insurance with regard to COUNTY.
 - d Does not contain a pro-rata, excess only and/or escape clause
 - e Contains a cross liability, severability of interest or separation of insureds clause

- 2 The above-referenced policies shall not be canceled, non-renewed or materially reduced in coverage without thirty (30) days prior written notice being provided to COUNTY in accordance with the notice provisions set forth herein. It is further understood that AUDITOR shall not terminate such coverage until COUNTY receives adequate proof that equal or better insurance has been secured.
- 3 The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the insurer's liability.
- 4 For claims related to this Agreement, AUDITOR's insurance is the primary coverage to COUNTY, and any insurance or self-insurance programs maintained thereby are excess to AUDITOR's insurance and will not be used to contribute therewith.
- 5 Any failure to comply with the provisions of this Agreement, including breach of warranties, shall not affect coverage provided to COUNTY, its agents, officers, officials, employees and volunteers.
- 6 AUDITOR shall furnish COUNTY with certificates and original endorsements effecting the required coverage prior to execution of this Agreement. The endorsements shall be on forms approved by the Humboldt County Risk Manager or County Counsel. Any deductible or self-insured retention over One Hundred Thousand Dollars (\$100,000.00) shall be disclosed to, and approved by, COUNTY. If AUDITOR does not keep all required policies in full force and effect, COUNTY may, in addition to other remedies under this Agreement, take out the necessary insurance, and AUDITOR agrees to pay the cost thereof. COUNTY is also hereby authorized with the discretion to deduct the cost of said insurance from the monies owed to AUDITOR under this Agreement.
- 7 COUNTY is to be notified immediately if twenty-five percent (25%) or more of any required insurance aggregate limit is encumbered, and AUDITOR shall be required to purchase additional coverage to meet the above-referenced aggregate limits.

C Insurance Notices Any and all insurance notices required to be given pursuant to the terms of this Agreement shall be sent to the addresses set forth below in accordance with the notice provisions described herein.

COUNTY County of Humboldt
Attention Risk Management
825 Fifth Street, Room 131
Eureka, California 95501

AUDITOR CliftonLarsonAllen LLP, Certified Public Accountants
Attention Richard Gonzalez
925 Highland Pointe Drive, Suite 450
Roseville, California 95678

16 RELATIONSHIP OF PARTIES

It is understood that this Agreement is by and between two (2) independent entities and is not intended to, and shall not be construed to, create the relationship of agent, servant, employee, partnership, joint venture or any other similar association. Both parties further agree that

AUDITOR shall not be entitled to any benefits to which COUNTY employees are entitled, including, but not limited to, overtime, retirement benefits, leave benefits or workers' compensation. AUDITOR shall be solely responsible for the acts or omissions of its agents, officers, employees, assignees and subcontractors.

17. COMPLIANCE WITH APPLICABLE LAWS AND LICENSURE REQUIREMENTS:

AUDITOR agrees to comply with any and all local, state and federal laws, regulations, policies and procedures applicable to the services provided pursuant to the terms and conditions of this Agreement. AUDITOR further agrees to comply with any and all applicable local, state and federal licensure and certification requirements.

18. PROVISIONS REQUIRED BY LAW:

This Agreement is subject to any additional local, state and federal restrictions, limitations, or conditions that may affect the provisions, terms or funding of this Agreement. This Agreement shall be read and enforced as though all legally required provisions are included herein, and if for any reason any such provision is not included, or is not correctly stated, the parties agree to amend the pertinent section to make such insertion or correction.

19. REFERENCE TO LAWS AND RULES:

In the event any law, regulation, policy or procedure referred to in this Agreement is amended during the term hereof, the parties agree to comply with the amended provision as of the effective date of such amendment.

20. SEVERABILITY:

If any provision of this Agreement, or any portion thereof, is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this Agreement.

21. ASSIGNMENT:

Neither party shall delegate its duties nor assign its rights hereunder, either in whole or in part, without the other party's prior written consent. Any assignment by AUDITOR in violation of this provision shall be void, and shall be cause for immediate termination of this Agreement. This provision shall not be applicable to service agreements or other arrangements usually or customarily entered into by either party to obtain supplies, technical support or professional services.

22. NO WAIVER OF DEFAULT:

The waiver by either party of any breach or violation of any requirement of this Agreement shall not be deemed to be a waiver of any such breach in the future, or of the breach of any other requirement of this Agreement. In no event shall any payment by COUNTY constitute a waiver of any breach of this Agreement or any default which may then exist on the part of AUDITOR. Nor shall such payment impair or prejudice any remedy available to COUNTY with respect to any breach or default. COUNTY shall have the right to demand repayment of, and AUDITOR shall promptly refund, any funds disbursed to AUDITOR which in the judgment of COUNTY were not expended in accordance with the terms of this Agreement.

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23 AGREEMENT SHALL BIND SUCCESSORS

All provisions of this Agreement shall be fully binding upon, and inure to the benefit of, the parties and to each of their heirs, executors, administrators, successors and permitted assigns

24 NON-LIABILITY OF COUNTY OFFICIALS AND EMPLOYEES

No official or employee of COUNTY shall be personally liable for any default or liability under this Agreement

25 AMENDMENT

This Agreement may be amended at any time during the term of this Agreement upon the mutual consent of both parties. No addition to, or alteration of, the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto

26 STANDARD OF PRACTICE

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

27 TITLE TO INFORMATION AND DOCUMENTS

It is understood that any and all statements, records, schedules, working papers and memoranda created or prepared by AUDITOR pursuant to the terms and conditions of this Agreement shall be the property of AUDITOR. AUDITOR shall provide copies of these documents to COUNTY if requested thereby. In the event of termination of this Agreement, for any reason whatsoever, AUDITOR shall promptly turn over to COUNTY all original information, writings, and documents created or prepared by COUNTY without exception or reservation. The audit examination reports prepared annually under this Agreement shall be the property of COUNTY. In accordance with California Business and Professions Code Section 5037, the statements, records, schedules, working papers and memoranda created or prepared by AUDITOR pursuant to the terms and conditions of this Agreement shall not be disclosed to third parties without COUNTY's prior written consent

28 JURISDICTION AND VENUE

This Agreement shall be construed in accordance with the laws of the State of California. Any dispute arising hereunder, or relating hereto, shall be litigated in the State of California and venue shall lie in the County of Humboldt unless transferred by court order pursuant to California Code of Civil Procedure Sections 394 or 395

29 INFORMATION TECHNOLOGY ASSURANCES

AUDITOR shall take all reasonable precautions to ensure that any hardware, software and/or embedded chip devices used by AUDITOR in the performance of the services provided pursuant to the terms and conditions of this Agreement, other than those owned or provided by COUNTY, shall be free from viruses. Nothing herein shall be construed to limit any rights or remedies otherwise available to COUNTY under this Agreement

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30 CONFLICT OF INTEREST

AUDITOR hereby covenants that it presently has no interest, and shall not acquire any interest, either direct or indirect, which would conflict in any manner or degree with the performance of the services to be provided pursuant to the terms and conditions of this Agreement. AUDITOR further assures that no person having such an interest shall be employed to perform any of the services provided hereunder. In addition, if requested to do so by COUNTY, AUDITOR's employees providing services pursuant to the terms and conditions of this Agreement shall complete and file a "Statement of Economic Interest" with COUNTY which discloses any actual and/or potential financial interest.

31 ADVERTISING AND MEDIA RELEASE

All informational material related to this Agreement shall receive approval from COUNTY prior to being used as advertising or released to the media, including, but not limited to, television, radio, newspapers and internet. AUDITOR shall inform COUNTY of all requests for interviews by the media related to this Agreement before such interviews take place, and COUNTY shall be entitled to have a representative present at such interviews. All notices required by this provision shall be given to the Humboldt County Administrative Officer or designee thereof.

32 SUBCONTRACTS

AUDITOR shall obtain prior written approval from COUNTY before subcontracting any of the services to be provided hereunder. Any and all subcontracts shall be subject to all applicable terms and conditions of this Agreement, including, without limitation, the licensing, certification and confidentiality requirements set forth herein. AUDITOR shall remain legally responsible for the performance of all terms and conditions of this Agreement, including work performed by third parties under subcontracts, whether approved by COUNTY or not.

33 ATTORNEYS' FEES

If either party shall commence any legal action or proceeding, including an action for declaratory relief, against the other by reason of the alleged failure of the other to perform or keep any provision of this Agreement to be performed or kept, the party prevailing in said action or proceeding shall be entitled to recover court costs and reasonable attorneys' fees, including the reasonable value of services rendered by the Humboldt County Counsel's Office, to be fixed by the court, and such recovery shall include court costs and attorneys' fees on appeal, if applicable. As used herein, "prevailing party" means the party who dismisses an action or proceeding in exchange for payment of substantially all sums allegedly due, performance of provisions allegedly breached, or other considerations substantially equal to the relief sought by said party, as well as the party in whose favor final judgment is rendered.

34 SURVIVAL

The duties and obligations of the parties set forth in Section 4(D) – Compensation Upon Termination, Section 8 – Record Retention and Inspection, Section 10 – Confidential Information and Section 14 – Indemnification shall survive the expiration or termination of this Agreement.

35 CONFLICTING TERMS OR CONDITIONS

The manner in which the parties will perform the responsibilities described herein as set forth in Exhibit A – Engagement Letter. In the event of any conflict in the terms or conditions set forth in

Exhibit A – Engagement Letter and the terms and conditions set forth in this Agreement, the terms and conditions set forth herein shall have priority

36 INTERPRETATION

This Agreement, as well as its individual provisions, shall be deemed to have been prepared equally by both of the parties hereto, and shall not be construed or interpreted more favorably for one party on the basis that the other party prepared it

37 INDEPENDENT CONSTRUCTION

The titles of the sections, subsections and paragraphs set forth in this Agreement are inserted for convenience of reference only, and shall be disregarded in construing or interpreting any of the provisions of this Agreement

38 FORCE MAJEURE

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

39 ENTIRE AGREEMENT

This Agreement contains all of the terms and conditions agreed upon by the parties hereto and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind either of the parties hereto. In addition, this Agreement shall supersede in its entirety any and all prior agreements, promises, representations, understandings and negotiations of the parties, whether oral or written, concerning the same subject matter. Any and all acts which may have already been consummated pursuant to the terms and conditions of this Agreement are hereby ratified

40 AUTHORITY TO EXECUTE

Each person executing this Agreement represents and warrants that he or she is duly authorized and has legal authority to execute and deliver this Agreement. Each party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such party's obligations hereunder have been duly authorized

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have entered this Agreement as of the first date written above.

CLIFTONLARSONALLEN LLP, CERTIFIED PUBLIC ACCOUNTANTS:

By: Rich Gonzalez

Date: 6/19/17

Name: Rich Gonzalez

Title: Principal

COUNTY OF HUMBOLDT:

By: Virginia Bass

Date: 7/18/17

Virginia Bass

Chair, Humboldt County Board of Supervisors

INSURANCE AND INDEMNIFICATION REQUIREMENTS APPROVED:

By: Jeanyfer
Risk Analyst

Date: 6/26/17

LIST OF EXHIBITS:

Exhibit A – Engagement Letter

Exhibit B – County of Humboldt HIPAA Business Associate Agreement

EXHIBIT A
ENGAGEMENT LETTER
CliftonLarsonAllen LLP, Certified Public Accountants

EXHIBIT A
ENGAGEMENT LETTER



CliftonLarsonAllen LLP
925 Highland Pointe Drive, Suite 450
Roseville, CA 95678 5423
916 784-7800 | fax 916-784-7850
CLAconnect.com

March 30, 2017

Joe Mellett, Auditor-Controller
County of Humboldt
County Courthouse
825 Fifth Street, Room 126
Eureka, CA 95501

Dear Joe

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the audit and nonaudit services CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") will provide for County of Humboldt ("you," "your," or "the entity") for the year ended June 30, 2017

Rich Gonzalez is responsible for the performance of the audit engagement

Audit services

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of County of Humboldt, as of and for the year ended June 30, 2017, and the related notes to the financial statements

The Governmental Accounting Standards Board (GASB) provides for certain required supplementary information (RSI) to accompany the entity's basic financial statements. The following RSI will be subjected to certain limited procedures, but will not be audited:

- 1 Management's discussion and analysis
- 2 Budgetary comparison schedules
- 3 GASB-required supplementary pension and OPEB information

We will also evaluate and report on the presentation of the following supplementary information other than RSI accompanying the financial statements in relation to the financial statements as a whole:

- 1 Schedule of expenditures of federal awards
- 2 Individual and combining fund financial statements

Nonaudit services

We will also provide the following nonaudit services:

- Preparation of a trial balance
- Preparation of your financial statements, schedule of expenditures of federal awards, and related notes
- Preparation of adjusting journal entries

Audit objectives

The objective of our audit is the expression of opinions about whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS); the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our audit will include tests of your accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express opinions and render the required reports. We will apply certain limited procedures to the RSI in accordance with U.S. GAAS. However, we will not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. We will also perform procedures to enable us to express an opinion on whether the supplementary information (as identified above) other than RSI accompanying the financial statements is fairly stated, in all material respects, in relation to the financial statements as a whole.

The objectives of our audit also include:

- Reporting on internal control over financial reporting and compliance with the provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Reporting on internal control over compliance related to major programs and expressing an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Uniform Guidance.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We will issue written reports upon completion of our audit of your financial statements and compliance with requirements applicable to major programs. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If our opinions on the financial statements or the single audit compliance opinion are other than unmodified, we will discuss the reasons with

you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements or material noncompliance caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming opinions on the financial statements or an opinion on compliance, we retain the right to take any course of action permitted by professional standards, including declining to express opinions or issue reports, or withdrawing from the engagement.

Auditor responsibilities, procedures, and limitations

We will conduct our audit in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error. An audit involves performing procedures to obtain sufficient appropriate audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

There is an unavoidable risk, because of the inherent limitations of an audit, together with the inherent limitations of internal control, that some material misstatements or noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance. Because we will not perform a detailed examination of all transactions, material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity, may not be detected. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a single audit.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the basic financial statements and compliance in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting fraud or errors that are material to the financial statements.

and to preventing and detecting misstatements resulting from noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with the direct and material compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify deficiencies, significant deficiencies, or material weaknesses in internal control. However, we will communicate to you in writing significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we identify during the audit that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the entity's compliance with the provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

We will include in our report on internal control over financial reporting and on compliance relevant information about any fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse that may have occurred that are required to be communicated under *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of the entity's major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the "OMB Compliance Supplement" for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs. The purpose of these procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

We will evaluate the presentation of the schedule of expenditures of federal awards in relation to the financial statements as a whole. We will make certain inquiries of management and evaluate the form, content, and methods of preparing the schedule to determine whether the information complies with U.S. GAAP and the Uniform Guidance, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We will compare and reconcile

the schedule to the underlying accounting records and other records used to prepare the financial statements or to the financial statements themselves

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors

Management responsibilities

Our audit will be conducted on the basis that you (management and, when appropriate, those charged with governance) acknowledge and understand that you have certain responsibilities that are fundamental to the conduct of an audit

You are responsible for the preparation and fair presentation of the financial statements, RSI, and the schedule of expenditures of federal awards in accordance with U S GAAP Management is also responsible for identifying all federal awards received, understanding and complying with the compliance requirements, and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of the Uniform Guidance

Management's responsibilities include the selection and application of accounting principles, recording and reflecting all transactions in the financial statements, determining the reasonableness of significant accounting estimates included in the financial statements; adjusting the financial statements to correct material misstatements, and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole Management is responsible for compliance with applicable laws and regulations and the provisions of contracts and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the entity's federal programs Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information

You are responsible for the design, implementation, and maintenance of effective internal control, including internal control over compliance, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and that there is reasonable assurance that government programs are administered in compliance with compliance requirements

You are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud, assessing the risk that the financial statements may be materially misstated as a result of fraud, and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others In addition, you are responsible for implementing systems designed to achieve compliance with applicable laws and regulations and the provisions of contracts and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the entity's federal programs, identifying and ensuring that the entity complies with

applicable laws, regulations, contracts, and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the entity's federal programs, and informing us of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered

You are responsible for taking timely and appropriate steps to remedy any fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that we may report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards, take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings, and to follow up and take prompt corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review prior to field work.

You are responsible for ensuring that management is reliable and for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and for the accuracy and completeness of that information, and for ensuring the information is reliable and properly reported, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. You agree to inform us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements.

You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance, (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance, (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes), and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is responsible for the preparation and fair presentation of other supplementary information in accordance with U.S. GAAP. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. You agree to provide us written representations related to the presentation of the supplementary information.

Management is responsible for providing us with a written confirmation concerning representations made by you and your staff to us in connection with the audit and the presentation of the basic financial statements and RSI. During our engagement, we will request information and explanations from you regarding, among other matters, the entity's activities, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend unnecessary effort or could cause a material fraud or error to go undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any misstatements in the entity's financial statements that we may fail to detect as a result of misrepresentations made to us by you.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies to us of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the "Audit objectives" section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Responsibilities and limitations related to nonaudit services

For all nonaudit services we may provide to you, management agrees to assume all management responsibilities, oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services, evaluate the adequacy and results of the services, and accept responsibility for the results of the services.

The responsibilities and limitations related to the nonaudit services performed as part of this engagement are as follows:

- We will prepare a trial balance for use during the audit. Our preparation of the trial balance is limited to formatting information into a working trial balance based on management's chart of accounts or general ledger. You will be required to review, approve, and accept responsibility for the trial balance.
- We will prepare a draft of your financial statements, schedule of expenditures of federal awards, and related notes in conformity with U.S. GAAP and the Uniform Guidance based on information provided by you. Since the preparation and fair presentation of the financial statements and schedule of expenditures of federal awards is your responsibility, you will be required to acknowledge in the representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. You have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements and schedule of expenditures of federal awards.

- We will propose adjusting journal entries as needed. You will be required to review and approve those entries and to understand the nature of the changes and their impact on the financial statements.

These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

Use of financial statements

The financial statements and our report thereon are for management's use. If you intend to reproduce and publish the financial statements and our report thereon, they must be reproduced in their entirety. Inclusion of the audited financial statements in a document, such as an annual report or an offering document, should be done only with our prior approval of the document. You are responsible to provide us the opportunity to review such documents before issuance.

If the parties (i.e., you and CLA) agree that CLA will not be involved with your official statements related to municipal securities filings or other offering documents, we will require that any official statements or other offering documents issued by you with which we are not involved clearly indicate that CLA is not involved with the contents of such documents. Such disclosure should read as follows:

CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website or submitted on a regulator website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.

Engagement administration and other matters

We expect to begin our audit on approximately October 9, 2017.

We understand that your employees will prepare all confirmations, account analyses, and audit schedules we request and will locate any documents or invoices selected by us for testing. A list of information we expect to need for our audit and the dates required will be provided in a separate communication.

At the conclusion of the engagement, we will complete the auditor sections of the electronic Data Collection Form SF-SAC and perform the steps to certify the Form SF-SAC and single audit reporting package. It is management's responsibility to complete the auditee sections of the Data Collection Form. We will create the single audit reporting package PDF file for submission; however, it is management's responsibility to review for completeness and accuracy and electronically submit the reporting package (including financial

statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be electronically submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the entity, however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection. We are available to perform additional procedures with regard to fraud detection and prevention, at your request, as a separate engagement, subject to completion of our normal engagement acceptance procedures. The terms and fees of such an engagement would be documented in a separate engagement letter.

The audit documentation for this engagement is the sole and exclusive property of CLA and constitutes confidential and proprietary information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State Controller, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of CLA personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the State Controller, federal agencies and the U.S. Government Accountability Office. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

CLA will not disclose any confidential, proprietary, or privileged information of the entity to any persons without the authorization of entity management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Our engagement and responsibility end on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Government Auditing Standards require that we make our most recent external peer review report publicly available. The report is posted on our website at www.CLAconnect.com/Aboutus/.

Mediation

Any disagreement, controversy, or claim ("Dispute") that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Time limitation

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any Dispute that may arise between the parties. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a Dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months ("Limitation Period") after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a Dispute.

Fees

Our fee for these services will not exceed \$76,500, including a \$5,000 travel allowance.

County of Humboldt's Basic Financial Statements	
County of Humboldt's Basic Financial Statements	\$50,300
Major program testing - Uniform Guidance	18,200
PFC audit (included in Single Audit report)	3,000
Total	\$71,500*

*Does not include travel (maximum of \$5,000)

If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee estimate. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Changes in engagement timing and assistance by your personnel

The fee estimate is based on anticipated cooperation from your personnel and their assistance with timely preparation of confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, we will advise management. Additional time and costs may be necessary because of such unanticipated delays. Examples of situations that may cause our estimated fee to increase include

- Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents)
- Rescheduling our fieldwork
- Schedule disruption caused by litigation, financial challenges (going concern), loan covenants (waivers), etc
- Identifying a significant number of proposed audit adjustments
- Schedules prepared by your personnel that do not reconcile to the general ledger
- Numerous revisions to information and schedules provided by your personnel
- Restating financial statements for accounting errors in the prior year
- Lack of availability of entity personnel during audit fieldwork

Changes in accounting and audit standards

Standard setters and regulators continue to evaluate and modify standards. Such changes may result in new or revised financial reporting and disclosure requirements or expand the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in the letter increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.

Other fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

Finance charges and collection expenses

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

Consent

Consent to use financial information

Annually, we assemble a variety of benchmarking analyses using client data obtained through our audit and other engagements. Some of this benchmarking information is published and released publicly. However, the information that we obtain is confidential, as required by the AICPA Code of Professional Conduct. Your acceptance of this engagement letter will serve as your consent to use of County of Humboldt's information in these cost comparison, performance indicator, and/or benchmarking reports.

Subcontractors

CLA may, at times, use subcontractors to perform services under this agreement, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this agreement.

Agreement

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please let us know. Please sign, date, and return this letter to us to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our audit of your financial statements including the terms of our engagement and the parties' respective responsibilities.

Sincerely,
CliftonLarsonAllen LLP

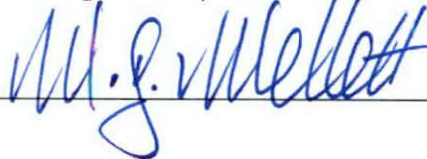


Rich Gonzalez, CPA
Principal
916-784-7800
Rich.gonzalez@CLAconnect.com

Response:

This letter correctly sets forth the understanding of County of Humboldt.

Authorized management signature: _____



Title: _____

Auditor-Controller

Date: _____

6/21/17

EXHIBIT B
COUNTY OF HUMBOLDT HIPAA BUSINESS ASSOCIATE AGREEMENT
CliftonLarsonAllen LLP, Certified Public Accountants

Recitals

- A COUNTY, as a “Covered Entity” (defined below) wishes to disclose certain information to AUDITOR, hereafter known as the “BUSINESS ASSOCIATE” (defined below) pursuant to the terms of the Agreement, some of which may constitute Protected Health Information (“PHI”) (defined below)
- B COUNTY and BUSINESS ASSOCIATE intend to protect the privacy and provide for the security of PHI disclosed to BUSINESS ASSOCIATE pursuant to the Agreement in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 (“HIPAA”), the Health Information and Technology for Economic and Clinical Health Act, Public Law 111-005 (“the HITECH Act”), and regulations promulgated thereunder by the U S Department of Health and Human Services (the “HIPAA Regulations”) and other applicable laws
- C As part of the HIPAA Regulations, the Privacy Rule and Security Rule (defined below) requires COUNTY to enter into an Agreement containing specific requirements with BUSINESS ASSOCIATE prior to the disclosure of PHI, as set forth in, but not limited to, Title 45, Sections 164 314(a), 164 502(e), and 164 504(e) of the Code of Federal Regulations (“C F R”) and contained in this Agreement

The parties agree as follows

1 Definitions

- a **Breach** shall have the meaning given to such term under the HITECH Act and HIPAA Regulations [42 U S C Section 17921 and 45 C F R Section 164 402]
- b **Breach Notification Rule** shall mean the HIPAA Regulation that is codified at 45 C F R Parts 160 and 164, Subparts A and D
- c **Business Associate** shall have the meaning given to such term under the Privacy Rule, the Security Rule, and the HITECH Act, including, but not limited to, 42 U S C Section 17938 and 45 C F R Section 160 103
- d **Covered Entity** shall have the meaning given to such term under the Privacy Rule and the Security Rule, including, but not limited to, 45 C F R Section 160 103
- e **Designated Record Set** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C F R Section 164 501
- f **Electronic Protected Health Information** means Protected Health Information that is maintained in or transmitted by electronic media
- g **Electronic Health Record** shall have the meaning given to such term in the HITECH Act, including, but not limited to, 42 U S C Section 17921
- h **Health Care Operations** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C F R Section 164 501

- i **Privacy Rule** shall mean the HIPAA Regulation that is codified at 45 C F R. Parts 160 and 164, Subparts A and E
- j **Protected Health Information or PHI** means any information, whether oral or recorded in any form or medium (i) that relates to the past, present or future physical or mental condition of an individual, the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual, and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual, and shall have the meaning given to the term under the Privacy Rule, including, but not limited to, 45 C F R Section 164 501 Protected Health Information includes Electronic Protected Health Information [45 C F R Sections 160 103, 164 501]
- k **Protected Information** shall mean PHI provided by COUNTY to BUSINESS ASSOCIATE or created, maintained, received, or transmitted by BUSINESS ASSOCIATE on COUNTY's behalf
- l **Security Incident** shall have the same meaning given to such term under the Security Rule, including, but not limited to, 45 C F R Section 164.304
- m **Security Rule** shall mean the HIPAA Regulation that is codified at 45 C F R. Parts 160 and 164, Subparts A and C
- n **Unsecured PHI** shall have the meaning given to such term under the HITECH Act and any guidance issued pursuant to such Act including, but not limited to, 42 U S C Section 17932(h) and 45 C F R Section 164 402

2 **Obligations of Business Associate**

- a **Permitted Uses.** BUSINESS ASSOCIATE shall use Protected Information only for the purpose of performing BUSINESS ASSOCIATE's obligations under the Agreement and as permitted or required under the Agreement, or as required by law Further, BUSINESS ASSOCIATE shall not use Protected Information in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so used by COUNTY However, BUSINESS ASSOCIATE may use Protected Information as necessary (i) for the proper management and administration of BUSINESS ASSOCIATE, (ii) to carry out the legal responsibilities of BUSINESS ASSOCIATE, or (iii) as required by law [45 C F R Sections 164.504(e)(2), 164 504(e)(4)(i)]
- b **Permitted Disclosures.** BUSINESS ASSOCIATE shall disclose Protected Information only for the purpose of performing BUSINESS ASSOCIATE's obligations under the Agreement and as permitted or required under the Agreement, or as required by law. BUSINESS ASSOCIATE shall not disclose Protected Information in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so disclosed by COUNTY However, BUSINESS ASSOCIATE may disclose Protected Information as necessary (i) for the proper management and administration of BUSINESS ASSOCIATE, (ii) to carry out the legal responsibilities of BUSINESS ASSOCIATE, or (iii) as required by law If BUSINESS ASSOCIATE discloses Protected Information to a third party, BUSINESS ASSOCIATE must obtain, prior to making any such disclosure, (i) reasonable *written* assurances from such third party that such Protected Information will be held confidential as provided pursuant to this Agreement and used or disclosed only as required by law or for the purposes for which it was disclosed to such third party, and (ii) a written agreement from such third party to immediately notify BUSINESS ASSOCIATE of any breaches, suspected breaches, security incidents, or unauthorized uses or disclosures of the Protected Information in accordance with paragraph 2 l of the Agreement, to the extent it has obtained knowledge of such occurrences [42 U S C Section 17932, 45 C F R Section 164 504(e)]

- c **Prohibited Uses and Disclosures** BUSINESS ASSOCIATE shall not use or disclose PHI other than as permitted or required by the Agreement, or as required by law BUSINESS ASSOCIATE shall not use or disclose Protected Information for fundraising or marketing purposes BUSINESS ASSOCIATE shall not disclose Protected Information to a health plan for payment or health care operations purposes if the patient has requested this special restriction, and has paid out of pocket in full for the health care item or service to which PHI solely relates [42 U S C Section 17935(a) and 45 C F R Section 164 522(a)(v1)] BUSINESS ASSOCIATE shall not directly or indirectly receive remuneration in exchange for Protected Information, except with prior written consent of COUNTY and as permitted by the HITECH Act, 42 U S C Section 17935(d)(2), and the HIPAA regulations, 45 C F R Section 164 502(a)(5)(u), however this prohibition shall not affect payment by COUNTY to BUSINESS ASSOCIATE for services provided pursuant to the Agreement
- d **Appropriate Safeguards.** BUSINESS ASSOCIATE shall implement appropriate safeguards as are necessary to prevent the use or disclosure of Protected Information otherwise than as permitted by the Agreement, including, but not limited to, administrative, physical and technical safeguards in accordance with the Security Rule, including but not limited to, 45 C F R Sections 164 308, 164 310, and 164 312 [45 C F R Section 164 504(e)(2)(u)(B), 45 C F R Section 164 308(b)] BUSINESS ASSOCIATE shall comply with the policies, procedures and documentation requirements of the Security Rule, including, but not limited to, 45 C F R Section 164 316 [42 U S C Section 17931]
- e **Business Associate's Subcontractors and Agents** BUSINESS ASSOCIATE shall ensure that any agents and subcontractors that create, receive, maintain or transmit Protected Information on behalf of COUNTY, agree in writing to the same restrictions and conditions that apply to COUNTY with respect to such Protected Information and implement the safeguards required by paragraph 2 d above with respect to Electronic PHI [45 C F R Section 164 504(e)(2)(u)(D), 45 C F R Section 164 308(b)] BUSINESS ASSOCIATE shall implement and maintain sanctions against agents and subcontractors that violate such restrictions and conditions and shall mitigate the effects of any such violation (see 45 C F R Sections 164 530(f) and 164 530(e)(1))
- f **Access to Protected Information** If BUSINESS ASSOCIATE maintains a designated record set on behalf of COUNTY, BUSINESS ASSOCIATE shall make Protected Information maintained by BUSINESS ASSOCIATE or its agents or subcontractors in Designated Record Sets available to COUNTY for inspection and copying within five (5) days of a request by COUNTY to enable COUNTY to fulfill its obligations under California Health and Safety Code Section 123110] and the Privacy Rule, including, but not limited to, 45 C F R Section 164 524 [45 C F R Section 164 504(e)(2)(u)(e)] If BUSINESS ASSOCIATE maintains Protected Information in electronic format, BUSINESS ASSOCIATE shall provide such information in electronic format as necessary to enable COUNTY to fulfill its obligations under the HITECH Act and HIPAA Regulations, including, but not limited to, 42 U S C Section 17935(e) and 45 C F R Section 164 524
- g **Amendment of PHI** If BUSINESS ASSOCIATE maintains a designated record set on behalf of COUNTY, within ten (10) days of a request by COUNTY for an amendment of Protected Information or a record about an individual contained in a Designated Record Set, BUSINESS ASSOCIATE and its agents and subcontractors shall make such Protected Information available to COUNTY for amendment and incorporate any such amendment or other documentation to enable COUNTY to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C F R Section 164 526 If an individual requests an amendment of Protected Information directly from BUSINESS ASSOCIATE or its agents or subcontractors, BUSINESS ASSOCIATE must notify COUNTY in writing within five (5) days of the request and of any approval or denial of amendment of Protected Information maintained by BA or its agents or subcontractors [45 C F R Section 164 504(e)(2)(u)(F)]

- h **Accounting of Disclosures** Within ten (10) days of a request by COUNTY for an accounting of disclosures of Protected Information, BUSINESS ASSOCIATE and its agents and subcontractors shall make available to COUNTY the information required to provide an accounting of disclosures to enable COUNTY to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C F R Section 164 528, and the HITECH Act, including but not limited to 42 U S C Section 17935(c), as determined by COUNTY BUSINESS ASSOCIATE agrees to implement a process that allows for an accounting to be collected and maintained by BUSINESS ASSOCIATE and its agents and subcontractors for at least six (6) years prior to the request However, accounting of disclosures from an Electronic Health Record for treatment, payment or health care operations purposes are required to be collected and maintained for only three (3) years prior to the request, and only to the extent that BUSINESS ASSOCIATE maintains an Electronic Health Record At a minimum, the information collected and maintained shall include (i) the date of disclosure, (ii) the name of the entity or person who received Protected Information and, if known, the address of the entity or person, (iii) a brief description of Protected Information disclosed, and (iv) a brief statement of purpose of the disclosure that reasonably informs the individual of the basis for the disclosure, or a copy of the individual's authorization, or a copy of the written request for disclosure If a patient submits a request for an accounting directly to BUSINESS ASSOCIATE or its agents or subcontractors, BUSINESS ASSOCIATE shall within five (5) days of the request forward it to COUNTY in writing
- 1 **Governmental Access to Records** BUSINESS ASSOCIATE shall make its internal practices, books and records relating to the use and disclosure of Protected Information available to COUNTY and to the Secretary of the U S Department of Health and Human Services (the "Secretary") for purposes of determining BUSINESS ASSOCIATE's compliance with HIPAA [45 C F R Section 164 504(e)(2)(ii)(I)] BUSINESS ASSOCIATE shall provide COUNTY a copy of any Protected Information and other documents and records that BUSINESS ASSOCIATE provides to the Secretary concurrently with providing such Protected Information to the Secretary
- j **Minimum Necessary** BUSINESS ASSOCIATES, its agents and subcontractors shall request, use and disclose only the minimum amount of Protected Information necessary to accomplish the purpose of the request, use or disclosure [42 U S C Section 17935(b); 45 C F R Section 164 514(d)] BUSINESS ASSOCIATE understands and agrees that the definition of "minimum necessary" is in flux and shall keep itself informed of guidance issued by the Secretary with respect to what constitutes "minimum necessary "
- k **Data Ownership** BUSINESS ASSOCIATE understands that BUSINESS ASSOCIATE has no ownership rights with respect to the Protected Information
- l **Notification of Possible Breach** BUSINESS ASSOCIATE shall notify COUNTY within twenty-four (24) hours of any suspected or actual breach of Protected Information, any use or disclosure of Protected Information not permitted by the Agreement, any security incident (i.e., any attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system) related to Protected Information, and any actual or suspected use or disclosure of data in violation of any applicable federal or state laws by BUSINESS ASSOCIATE or its agents or subcontractors The notification shall include, to the extent possible, the identification of each individual whose unsecured Protected Information has been, or is reasonably believed by the BUSINESS ASSOCIATE to have been accessed, acquired, used, or disclosed, as well as any other available information that COUNTY is required to include in notification to the individual, the media, the Secretary, and any other entity under the Breach Notification Rule and any other applicable state or federal laws, including, but not limited, to 45 C F R Section 164 404 through 45 C F R Section 164 1408, at the

time of the notification required by this paragraph or promptly thereafter as information becomes available BUSINESS ASSOCIATE shall take (i) prompt corrective action to cure any deficiencies and (ii) any action pertaining to unauthorized uses or disclosures required by applicable federal and state laws [42 U S C Section 17921, 45 C F R Section 164 504(e)(2)(i)(C), 45 C F R Section 164 308(b)]

- m **Breach Pattern or Practice by Business Associate's Subcontractors and Agents** Pursuant to 42 U S C Section 17934(b) and 45 C F R Section 164 504(e)(1)(ii), if BUSINESS ASSOCIATE knows of a pattern or activity or practice of a subcontractor or agent that constitutes a material breach or violation of the subcontractor or agent's obligations under the Agreement or other arrangement, BUSINESS ASSOCIATE must take reasonable steps to cure the breach or end the violation. If the steps are unsuccessful, BUSINESS ASSOCIATE must terminate the Agreement or other arrangement if feasible. BUSINESS ASSOCIATE shall provide written notice to COUNTY of any pattern of activity or practice of a subcontractor or agent that BUSINESS ASSOCIATE believes constitutes a material breach or violation of the subcontractor or agent's obligations under the Agreement or other arrangement within five (5) days of discovery and shall meet with COUNTY to discuss and attempt to resolve the problem as one of the reasonable steps to cure the breach or end the violation.
- n **Audits, Inspection and Enforcement** Within ten (10) days of a request by COUNTY, BUSINESS ASSOCIATE and its agents and subcontractors shall allow COUNTY or its agents or subcontractors to conduct a reasonable inspection of the facilities, systems, books, records, agreements, policies and procedures relating to the use or disclosure of Protected Information pursuant to this Agreement for the purpose of determining whether BUSINESS ASSOCIATE has complied with this Agreement or maintains adequate security safeguards. BUSINESS ASSOCIATE shall notify COUNTY within five (5) days of learning that BUSINESS ASSOCIATE has become the subject of an audit, compliance review, or complaint investigation by the Office for Civil Rights or other state or federal government entity.

3 Termination

- a **Material Breach.** A breach by BUSINESS ASSOCIATE of any provision of this Agreement, as determined by COUNTY, shall constitute a material breach of the Agreement and shall provide grounds for *immediate* termination of the Agreement, any provision in the Agreement to the contrary notwithstanding [45 C F R Section 164 504(e)(2)(iii)]
- b **Effect of Termination** Upon termination of the Agreement for any reason, BUSINESS ASSOCIATE shall, at the option of COUNTY, return or destroy all Protected Information that BUSINESS ASSOCIATE or its agents or subcontractors still maintain in any form, and shall retain no copies of such Protected Information. If return or destruction is not feasible, as determined by COUNTY, BUSINESS ASSOCIATE shall continue to extend the protections of Section 2 of this Agreement to such information, and limit further use and disclosure of such PHI to those purposes that make the return or destruction of the information infeasible [45 C F R Section 164 504(e)(ii)(2)(J)] If COUNTY elects destruction of the PHI, BUSINESS ASSOCIATE shall certify in writing to COUNTY that such PHI has been destroyed in accordance with the Secretary's guidance regarding proper destruction of PHI.

- 4 **Interpretation.** Any ambiguity in this Agreement shall be resolved in favor of a meaning that complies and is consistent with HIPAA, the HITECH Act, and the HIPAA regulations.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates hereinafter indicated.

CLIFTONLARSONALLEN LLP, CERTIFIED PUBLIC ACCOUNTANTS:

By: Rich Gonzalez

Date: 6/19/17

Name: Rich Gonzalez

Title: Principal

COUNTY OF HUMBOLDT:

By: Virginia Bass

Date: 7/18/17

Virginia Bass

Chair, Humboldt County Board of Supervisors



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
6/13/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER

IMPORTANT If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s)

PRODUCER American Agency, Inc 5851 Cedar Lake Road P O Box 16527 Minneapolis MN 55416		CONTACT NAME Rose Tonn PHONE (A/C, No, Ext) (952) 591-2746 FAX (A/C, No) (952) 593-8733 E MAIL RoseT@AmericanAgencyMN.com ADDRESS	
INSURED CliftonLarsonAllen LLP LarsonAllen LLP Clifton Gunderson LLP 220 South 6th Street, Suite 300 Minneapolis MN 55402-1436		INSURER(S) AFFORDING COVERAGE INSURER A Great Northern Insurance Co 20303 INSURER B Federal Insurance Company 20281 INSURER C Chubb Indemnity Insurance Co 12777 INSURER D INSURER E INSURER F	

COVERAGES

CERTIFICATE NUMBER 16/17 CERT #3

REVISION NUMBER

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED NOTWITHSTANDING ANY REQUIREMENT TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS EXCLUSIONS AND CONDITIONS OF SUCH POLICIES LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY		3598-35-69	12/31/2016	12/31/2017	EACH OCCURRENCE \$ 1,000,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR	DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000				
		MED EXP (Any one person) \$ 10,000				
		PERSONAL & ADV INJURY \$ 1,000,000				
		GENERAL AGGREGATE \$ 2,000,000				
	GEN L AGGREGATE LIMIT APPLIES PER.					PRODUCTS - COMP/OP AGG \$ 2,000,000
	<input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC					Combined Total Aggregate \$ 10,000,000
	<input type="checkbox"/> OTHER					
B	AUTOMOBILE LIABILITY		7357-28-25	12/31/2016	12/31/2017	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO					BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS				BODILY INJURY (Per accident) \$
	<input checked="" type="checkbox"/> HIRED AUTOS	<input checked="" type="checkbox"/> NON-OWNED AUTOS				PROPERTY DAMAGE (Per accident) \$
						\$
C	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR		7174-92-76	12/31/2016	12/31/2017	EACH OCCURRENCE \$ 50,000,000
	<input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS MADE	AGGREGATE \$ 50,000,000				
	<input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 0	\$				
C	WORKERS COMPENSATION AND EMPLOYERS LIABILITY		7174-92-76	12/31/2016	12/31/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N <input checked="" type="checkbox"/> N				E L EACH ACCIDENT \$ 1,000,000
	If yes describe under DESCRIPTION OF OPERATIONS below	N/A				E L DISEASE - EA EMPLOYEE \$ 1,000,000
		Excluding ND OH WA WY				E L DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

The COUNTY, and its agents, officers, officials, employees and volunteers are included as additional insured on General Liability per form 80-02-2367 & on Auto per form 16-02-0292 when required in prior written contract General Liability is primary and non-contributory and Auto Liability is primary when required in prior written contract Waiver of Subrogation included on General Liability per form 80-02-2000 & on Auto per form 16-02-0292 when required in prior written contract General Liability & Auto Policies have been endorsed to provide 30 days notice of cancellation, with the exception of 10 days notice of cancellation for non-payment of premium per form 80-02-9779 and 16-02-0306 respectively

CERTIFICATE HOLDER

CANCELLATION

County of Humboldt Attn Risk Management 825 Fifth Street, Room 131 Eureka, CA 95501	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS
	AUTHORIZED REPRESENTATIVE Gloria Thompson/RMT

COMMENTS/REMARKS

Umbrella Policy is follow form Waiver of Subrogation is included on Workers' Compensation Policies for all states except Kentucky where prohibited by law utilizing the following policy forms California WC 99 03 04, Texas WC 42 03 04, All Other States, Except Kentucky WC 00 03 13, when required by prior written agreement

Liability Insurance

Endorsement

Policy Period	DECEMBER 31, 2016 TO DECEMBER 31, 2017
Effective Date	DECEMBER 31, 2016
Policy Number	3598-35-69MIN
Insured	CLIFTONLARSONALLEN LLP
Name of Company	GREAT NORTHERN INSURANCE COMPANY
Date Issued	DECEMBER 07, 2016

This Endorsement applies to the following forms

GENERAL LIABILITY

Under Who Is An Insured, the following provision is added

Who Is An Insured

Additional/Insured
- Scheduled
Person Or
Organization

Persons or organizations shown in the Schedule are insureds, but they are insureds only if you are obligated pursuant to a contract or agreement to provide them with such insurance as is afforded by this policy

However, the person or organization is an insured only

- if and then only to the extent the person or organization is described in the Schedule,
- to the extent such contract or agreement requires the person or organization to be afforded status as an insured,
- for activities that did not occur, in whole or in part, before the execution of the contract or agreement, and
- with respect to damages, loss, cost or expense for injury or damage to which this insurance applies

No person or organization is an insured under this provision

- that is more specifically identified under any other provision of the Who Is An Insured section (regardless of any limitation applicable thereto)
- with respect to any assumption of liability (of another person or organization) by them in a contract or agreement. This limitation does not apply to the liability for damages, loss, cost or expense for injury or damage, to which this insurance applies, that the person or organization would have in the absence of such contract or agreement

Liability Endorsement (continued)

Under Conditions, the following provision is added to the condition titled Other Insurance

Conditions

Other /Insurance -
Primary, Noncontributory
/Insurance - Scheduled
Person Or Organization

If you are obligated, pursuant to a contract or agreement, to provide the person or organization shown in the Schedule with primary insurance such as is afforded by this policy, then in such case this insurance is primary and we will not seek contribution from insurance available to such person or organization

Schedule

Persons or organizations that you are obligated, pursuant to a contract or agreement, to provide with such insurance as is afforded by this policy

All other terms and conditions remain unchanged

Authorized Representative