

REVISED 7-31-14**Travis County Commissioners Court Agenda Request****Meeting Date:** August 5, 2014**Prepared By/Phone Number:** Michael Long/512-854-4850, Marvin Brice, CPPB/512-854-9765, Purchasing**Elected/Appointed Official/Dept. Head:** Cyd Grimes, C.P.M., CPPO**Commissioners Court Sponsor:** Judge Biscoe**Agenda Language:** Approve Contract Award for Annual Independent Audit Services, RFQ No. 1403-006-ML, to the highest qualified respondent, Atchley & Associates.

- **Purchasing Recommendation and Comments:** Purchasing concurs with department and recommends approval of requested action. This procurement action meets the compliance requirements as outlined by the statutes.

Subject RFQ was issued on April 9, 2014 and closed on May 7, 2014. Five (5) responses (Qualifications Statements) were received in response to the solicitation. The Evaluation Committee, supervised by the Purchasing Office and comprised of representatives from the PBO, Auditors Office, CSCD, Corporations and Juvenile Probation, reviewed and evaluated (scored) the responses. Based on the scores received, the following three (3) firms Atchley & Associates, Grant Thornton, and Weaver & Tidwell, L.L.P, were short-listed to make oral presentations to the Committee.

After establishing the shortlist, the Evaluation Committee conducted oral interviews with the three (3) short-listed firms on May 23, 2014.

The Evaluation Committee conducted the interviews, and afterwards met to discuss the results. After deliberation, the Evaluation Committee unanimously made an initial ranking as follows:

- 1st Place - Atchley & Associates
- 2nd Place - Grant Thornton
- 3rd Place - Weaver & Tidwell, L.L.P

All three firms were requested to submit a Best and Final Offer (BAFO). After receiving the BAFO from all firms, the Committee's ranking remained unchanged. It should be noted that the Committee's choice as top ranked firm, Atchley & Associates, did not submit the lowest proposal in terms of pricing. Rather, their cost proposal was the second overall lowest (a breakdown of each firm's cost proposal is attached for review). However, based on qualifications being the most significant factor, it is the recommendation of the Evaluation Committee, with the concurrence of the Purchasing Agent that a contract be awarded to the firm of Atchley & Associates for Annual Independent Audit Services.

➤ **Contract-Related Information:**

Award Amount: The first annual contract period for this contract commences on July 1, 2014. The fees for fiscal year 2014 audit are as follows:

2014 Fees \$190,280 Expenses limited to \$1,000 (County)
 \$25,680 Expenses limited to \$500 (CSCD)
 \$18,000 Expenses limited to \$500 (Juvenile Prob)
 \$7,120 (Corporations)

*Total fees and expenses proposed for fiscal year 2014 by Atchley & Associates is \$243,080.

*Total fees and expenses expended in fiscal year 2013 by past contractor (also Atchley & Associates) was \$ 276,955.

The Contract shall automatically renew on July 1 of each year for an additional annual contract period for a maximum total contract period of (5)five years. It includes the following fees and expenses for each fiscal year audit that the parties have negotiated in advance.

2015 Fees \$198,660 Expenses limited to \$1,000 (County)
 \$26,760 Expenses limited to \$500 (CSCD)
 \$18,710 Expenses limited to \$500 (Juvenile Prob)
 \$7,410 (Corporations)

2016 Fees \$208,840 Expenses limited to \$1,100 (County)
 \$28,140 Expenses limited to \$525 (CSCD)
 \$19,720 Expenses limited to \$525
 \$7,800 (Corporations)

2017 Fees \$218,170 Expenses limited to \$1,100 (County)
\$29,360 Expenses limited to \$525 (CSCD)
\$20,510 Expenses limited to \$525 (Juvenile Prob)
\$8,130 (Corporations)

2018 Fees \$227,520 Expenses limited to \$1,200 (County)
\$30,560 Expenses limited to \$550 (CSCD)
\$21,360 Expenses limited to \$550 (Juvenile Prob)
\$8,480 (Corporations)

Contract Type: Annual Contract with automatic renewals for a maximum total contract period of (5) five years.

Contract Period: From beginning of interim review of FY '14 records to issuance of audit report for FY '14. Renewable for 4 years through Fiscal year ending June 30, 2018.

➤ **Solicitation-Related Information:**

Solicitations Sent: Responses Received: 5
HUB Information: N/A % HUB Subcontractor:

➤ **Special Contract Considerations:**

- Award has been protested; interested parties have been notified.
- Award is not to the lowest bidder; interested parties have been notified.
- Comments:

➤ **Funding Information:**

- SAP Shopping Cart #: N/A
- Funding Account(s): County-Fund 0001/Cost Center/1100010000/
Account No./511200;
Juvenile Probation-Fund/0001/Cost Center/1450010001/Account
No./511200
- Comments:

**RFQ No. 1403-006-ML, Annual Independent Audit Services
Best and Final Offer Pricing**

	ATCHLEY	EXPENSES	GRANT THORNTON	WEAVER
FY 2014				
County	190,280.00	1,000	216,900 (expenses included)	165,000 (expenses included)
CSCD	25,680.00	500.00	25,595 (expenses included)	20,000 (expenses included)
Juvenile Probation	18,000.00	500.00	17,420 (expenses included)	13,250 (expenses included)
Corporations	7,120.00	N/A	7,580 (expenses included)	11,750 (expenses included)
TOTAL	243,080.00		267,495.00	210,000.00
FY 2015				
County	198,660.00	1,000.00	222,325 (expenses included)	168,650 (expenses included)
CSCD	26,760.00	500.00	26,250 (expenses included)	20,500 (expenses included)
Juvenile Probation	18,710.00	500.00	17,850 (expenses included)	13,600 (expenses included)
Corporations	7,410.00	N/A	7,775 (expenses included)	12,250 (expenses included)
TOTAL	253,540.00		274,200.00	215,000.00
FY 2016				
County	208,840.00	1,100.00	227,875 (expenses included)	172,200 (expenses included)
CSCD	28,140.00	525.00	26,900 (expenses included)	21,000 (expenses included)
Juvenile Probation	19,720.00	525.00	18,300 (expenses included)	14,000 (expenses included)
Corporations	7,800.00	N/A	7,975 (expenses included)	12,800 (expenses included)
TOTAL	266,650.00		281,050.00	220,000.00
FY 2017				
County	218,170.00	1,100.00	233,575 (expenses included)	176,200 (expenses included)
CSCD	29,360.00	525.00	27,575 (expenses included)	22,000 (expenses included)
Juvenile Probation	20,510.00	525.00	18,775 (expenses included)	14,500 (expenses included)
Corporations	8,130.00	N/A	8,150 (expenses included)	13,300 (expenses included)
TOTAL	278,320.00		288,075.00	226,000.00
FY 2018				
County	227,520.00	1,200.00	239,425 (expenses included)	180,200 (expenses included)
CSCD	30,560.00	550.00	28,250 (expenses included)	23,000 (expenses included)
Juvenile Probation	21,360.00	550.00	19,250 (expenses included)	15,000 (expenses included)
Corporations	8,480.00	N/A	8,375 (expenses included)	13,800 (expenses included)
TOTAL	290,220.00		\$295,300.00	\$232,000.00

**PROFESSIONAL SERVICES
AGREEMENT**

BETWEEN

TRAVIS COUNTY

AND

ATCHLEY & ASSOCIATES, LLP

FOR

EXTERNAL AUDIT SERVICES

CONTRACT NO. 4400002058

Travis County Purchasing Office



**EXTERNAL AUDITING CONTRACT
BETWEEN ATCHLEY & ASSOCIATES, LLP AND
TRAVIS COUNTY AND
TRAVIS COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT AND
TRAVIS COUNTY JUVENILE PROBATION BOARD
FOR FISCAL YEARS 2014-2018**

This contract is entered into by the following parties:

Travis County, a political subdivision of Texas ("County"), and

Travis County Community Supervision and Corrections Department ("CSCD"), and

Travis County Juvenile Probation Board, ("Juvenile Probation"), and

Atchley & Associates, LLP, a firm of certified public accountants, which is a registered limited liability partnership under the laws of the State of Texas ("Contractor").

RECITALS

County, through the Commissioners Court desires Contractor to express an opinion on the fair presentation of its basic financial statements in conformity with accounting principles generally accepted for governments in the United States of America ("GAAP").

As required under the Texas Government Code, Chapter 2256, Public Funds Investment Act, County, through the Commissioners Court also desires Contractor, in conjunction with the annual financial audit, to report on the County's internal control over financial reporting including investments and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

County is entering into this contract with Contractor to audit its financial statements for the fiscal year ending September 30, 2014, and for each of the four subsequent fiscal years.

CSCD is entering into this contract with Contractor to audit the financial statements of the Texas Criminal Justice Assistance Division ("CJAD") Grant Funds as administered and managed by CSCD in accordance with generally accepted auditing standards and Government Auditing Standards as prescribed by CJAD, to determine compliance with the provisions of "Financial Management Manual for CJAD Funding" for the year ended August 31, 2014, and for each of the four subsequent fiscal years.

Juvenile Probation is entering into this contract with Contractor to audit the financial statements of the Texas Juvenile Justice Department Grant Funds as administered and managed by Juvenile Probation in accordance with generally accepted

auditing standards and Government Auditing Standards as prescribed by the Texas Juvenile Justice Department, to determine compliance with the provisions of the Texas Juvenile Justice Department State Financial Assistance Contract for the year ended August 31, 2014, and for each of the four subsequent fiscal years.

Commissioners Court may exempt personal and professional services from complying with the competitive procurement process under TEX. LOC. GOV'T CODE ANN., § 262 et seq. Except as otherwise provided herein, Contractor will provide professional services.

AGREEMENT

The parties agree to the terms and conditions stated in this contract.

1. GENERAL DEFINITIONS

- 1.1. "Adequate disclosure criterion" means that in determining whether financial statements prepared in conformity with generally accepted accounting principles or an OCBOA satisfy the adequate disclosure criterion, the Contractor should consider the following concepts established in SAS-69:
 - 1.1.1. The accounting principles selected and applied should have general acceptance.
 - 1.1.2. The accounting principles should be appropriate in the circumstances.
 - 1.1.3. The financial statements, including the related notes, should be informative of matters that may affect their use, understanding, and interpretation.
 - 1.1.4. The information presented in the financial statements should be classified and summarized in a reasonable manner; that is, it should be neither too detailed nor too condensed.
 - 1.1.5. The financial statements should reflect the underlying events and transactions (in a manner that satisfies the purpose of the financial statements) within a range of acceptable limits; that is, limits that are reasonable and practicable to attain in financial statements.
- 1.2. "Additional Services" means the work described in any amendment to this contract for Annual Audit services.
- 1.3. "Annual Audit Services" means the work related to the annual audit of the Contracting Entities which includes the following:
 - 1.3.1. preparation, direction and assistance in the completion of a yearly external audit of the financial condition of the Contracting Entity in

- the manner described in Attachment A Specific Audit Requirements and in Attachment D Contractor's Proposal;
- 1.3.2. a compliance audit of management controls on investments without need for an additional report related to this audit;
 - 1.3.3. audit of up to eight Major Funds for County for Fiscal Years ending September 30, 2014, September 30, 2015, September 30, 2016, September 30, 2017, and September 30, 2018;
 - 1.3.4. audit of up to twelve Major Grant Programs for County;
 - 1.3.5. compliance with the timelines stated in Attachment A Specific Audit Requirements, subsection 6 Implementation;
 - 1.3.6. compliance with generally accepted auditing standards and generally accepted government auditing standards; and
 - 1.3.7. compliance with standards established by the Texas Juvenile Justice Department as stated in the state aid agreement; and
 - 1.3.8. compliance with standards established by the Texas Department of Criminal Justice as stated in its "Financial Management Manual for CJAD Funding".
- 1.4. "Auditor" means the Travis County Auditor or her designee.
 - 1.5. "Commissioners Court" means Travis County Commissioners Court.
 - 1.6. "Contract" means this document and all attachments and exhibits to it referred to section 15.5.
 - 1.7. "Contracting Entity" means one or more of the following: Travis County, Travis County Juvenile Board, and Travis County Community Supervision and Corrections Department.
 - 1.8. "Contracting Entity Building" means any building owned by a Contracting Entity and does not include buildings leased by a Contracting Entity.
 - 1.9. "Contractor" means Atchley & Associates, LLP.
 - 1.10. "County" means Travis County, Texas.
 - 1.11. "CSCD" means the Travis County Community Supervision and Corrections Department.
 - 1.12. "Day" means calendar day.
 - 1.13. "GAAP" means accounting principles generally accepted for governments in the United States of America.

- 1.14. “Historically Underutilized Business” or “HUB” means any entity or association formed to make a profit in which one (1) or more persons who are educationally or economically disadvantaged because of their identification as members of one of the following groups: African Americans, Hispanic Americans, Asian Pacific Americans, Native Americans or Women of any ethnicity have the following rights:
- 1.14.1. own at least fifty-one percent (51%) of all classes of shares or other equitable securities and have incidents of ownership, including an interest in profit and loss, equivalent to the percentage of capital, equipment or expertise contributed to the business where ownership is measured as though the community property interest of a spouse is the separate property of that spouse, if both spouses certify in writing that the non-participating spouse relinquishes control over his or her spouse, and his or her community property, and not as if it is subject to the community property interest of the other spouse; and
- 1.14.2. have a proportionate interest and demonstrated active participation in the control, operation and management of the business's affairs; where control means having recognized ultimate control over all day-to-day decisions affecting the business, and is to be known to, and at least tacitly acknowledged in day-to-day operations by employees of the business and by those with whom business is conducted, and holding a title commensurate with that control.
- 1.15. “Juvenile Board” means the Travis County Juvenile Board.
- 1.16. “Major Fund” means a governmental or enterprise fund reported as a separate column in the basic fund financial statements.
- 1.17. “Major Grant Program” has the definition in OMB Circular A-133 and the State of Texas Uniform Grant Management Standards and the related State Single Audit circular and any circulars that revise or replace those circulars.
- 1.18. “Notice” means a written statement delivered in compliance with section 14.0 Notice.
- 1.19. “Other Comprehensive Basis of Accounting” or “OCBOA” means a basis of accounting that complies with the provisions of SAS-122.
- 1.20. “Project Manager” means the Travis County Auditor
- 1.21. “Purchasing Agent” means the Travis County Purchasing Agent or her designee.

- 1.22. "Services" means the Annual Audit Services and Additional Services and the activities, obligations, and deliverables described in the Description of Services in Attachment A.
- 1.23. "TJJD" means the Texas Juvenile Justice Department
- 1.24. "Working Day" means Monday through Friday except for days that County has designed as holidays.

2. TERM

- 2.1. This Contract commences on July 1, 2014, and continues until the Services have been performed unless earlier terminated as provided in this Contract. The term crosses the county fiscal years. If Commissioners Court fails to provide funding for this contract during the adoption of budget for a fiscal year, the County may terminate the contract as provided in section 13 –Termination.
- 2.2. Subject to continued funding by the Commissioners Court, this contract automatically renews on July 1, for succeeding terms of one year for a maximum total term of five years unless sooner terminated by either party as provided in it.
- 2.3. Each Contracting Entity is purchasing audit services related to the Contracting Entity's fiscal year. If this contract expires, its provisions and conditions continue in full force and effect until the initiated audit services are complete.

3. CONTRACTOR RESPONSIBILITIES

- 3.1. Contractor shall perform the Services in a timely manner in compliance with the assurances, certifications, and all other statements made by Contractor in Contractor's Proposal and all subsequent proposals for Additional Services which are incorporated into this contract.
- 3.2. Cooperation and Coordination. Contractor shall cooperate and coordinate with staff of the Contracting Entities and other entities as reasonable and necessary and as required by the Project Manager.
- 3.3. Requests For Direction. Contractor shall communicate all requests for direction, factual or statistical information relating to Services to Project Manager. However, Project Manager shall not serve as the agent of Travis County or the Commissioners Court or CSCD or Juvenile Board for any purpose other than conveying factual or statistical information. Contractor may rely on all factual or statistical information supplied by Project Manager in response to these requests.

- 3.4. Records.
- 3.4.1. Maintenance and Retention. Contractor shall create and maintain all necessary and appropriate information and documentation (including accounting records) related to the Services and payment for them for at least three (3) years after providing the Services, or until any audit of records or litigation concerning any Services has been satisfactorily resolved, whichever occurs later.
- 3.4.2. Access. At reasonable times and on reasonable notice, Contractor shall make available to any Contracting Entity or its duly authorized representatives and to their regulatory entities such as TDCJ-CJAD and TJJD any information and documentation in Contractor's possession or control, which directly pertains to Services for reviews, inspections, audits, examinations, excerpts, and transcriptions for as long as Contractor has access to the information and documentation.
- 3.4.3. Duplication of information and documentation. Contractor shall provide copies of information and documentation to County upon written request to Contractor at a cost based on the rates applicable to copies provided pursuant to the Texas Public Information Act
- 3.4.4. Subcontractor Compliance. Contractor shall include provisions stated in 3.4.1, 3.4.2, and 3.4.3 in all subcontracts.
- 3.5. Right to Contractual Material. All work products created or produced by Contractor for delivery to a Contracting Entity as a result of Services, including programming, reports, charts, schedules, or other appended documentation to any responses, inquiries, correspondence, and related material are the property of the County at the time of receipt; provided that Contractor shall have the right to retain copies of all work products. Any intellectual property rights granted to the County survive the termination of this Contract and endure for the useful life of the contractual material and other intellectual property rights provided. Contractor shall deliver all Deliverables in both human readable and computer readable form to the Project Manager. The computer readable form for text must be in Microsoft Word 2007 or more recent release. The computer readable form for other deliverable items, such as charts, must be in Microsoft Excel 2007 or more recent release.
- 3.6. Rights to Contractor's Work Products. Upon full payment, Contractor assigns to County any and all rights, title and interest, including, without limitation, copyrights, trade secrets and proprietary rights to the work products developed or prepared specifically for County under this Contract. The work products exclude all third party works and products whether or not included or embedded in the Contractor's work products. The work products are deemed to be "works made for hire" under the federal copyright laws. Contractor shall give County reasonable

assistance, at County's expense, to perfect this assignment of these rights, title and interest. However, if the work products include intellectual property owned or developed by Contractor before and independent from, its obligations under this Contract, Contractor retains all rights to that previous and independent product. In addition, Contractor retains the right to use its knowledge, experience, and know-how, including processes, ideas, concepts and techniques developed in the course of performing the Services.

- 3.7. Standard of Care. Despite anything to the contrary in this Contract, Contractor shall perform all Services using at least the standard of care that a reasonably prudent person in that profession in Travis County, Texas would use in similar circumstances. Contractor shall perform the Services and other obligations in this Contract in a good and professional manner. This Contract shall not be interpreted to relieve Contractor of this duty.
- 3.8. Ethical Standards. Contractor shall perform the Services and exercise all discretionary powers in a manner consistent with applicable standards of professional conduct and ethics and Contractor's best professional judgment, including:
 - 3.8.1. Contractor shall give the Contracting Entity written notice of any professional relationships entered into during the term of this contract with the officers and key employees in the financial operations of the Contracting Entity, and all of the component units and related organizations of Contracting Entity, as defined by generally accepted auditing standards and the U.S. Government Accountability Office's Government Auditing Standards.
 - 3.8.2. Contractor shall expressly advise the Commissioners Court or Juvenile Board, or CSCD, whichever is applicable, of any direct or indirect benefit to Contractor or any member or employee of Contractor that is likely to result from any actions recommended by Contractor.
- 3.9. Confidential Information. To the extent that Contractor comes into possession of any proprietary or confidential information of Contracting Entity in connection with the Services, Contractor shall not disclose that information to any third party without the Contracting Entity's consent, except in the following circumstances:
 - 3.9.1. as may be required by law, regulation, judicial or administrative process, or in accordance with applicable professional standards, or in connection with litigation pertaining to this contract, or
 - 3.9.2. to the extent that information otherwise becomes publicly available (including any information filed with any governmental agency and available to the public) other than as the result of

- 3.9.3. a disclosure by Contractor in breach of this provision,
 - 3.9.4. a disclosure by Contracting Entity to a third party without substantially the same restrictions,
 - 3.9.5. a disclosure to Contractor on a non-confidential basis from a source other than Contracting Entity which Contractor believes is not prohibited from disclosing the information to Contractor by obligation to Contracting Entity,
 - 3.9.6. knowledge by Contractor before its receipt from Contracting Entity without any obligation of confidentiality with respect to it, or
 - 3.9.7. development by Contractor independently of any disclosures made by Contracting Entity to Contractor of that information.
- 3.10. Civil Rights/ADA Compliance. In performing the Services, Contractor shall not discriminate against any applicant, employee, patient or other person on the basis of race, color, religion, sex, age, national origin or disability and shall provide reasonable accommodations for disabilities as required by the Americans with Disabilities Act as amended.
- 3.11. Physical Presence in County. Contractor shall maintain accessibility to the Contracting Entity through a continuing physical presence in Travis County either through its own office or the office of its subcontractor so that this physical presence is at least approximately the same size as its current operations in Travis County, which is an office with at least 30 professional staff who have college degrees in areas related to accounting or other business related areas. In addition, Contractor shall provide access to persons assigned to perform Services through a toll free telephone number or other service that is cost free to the Contracting Entity.
- 3.12. Return of County Equipment and Access Keys. At the end of this Contract, Contractor shall return property of any kind, including all keys, access cards and other means of access to county buildings and other property that have been provided to it or its staff. Contractor shall not permit its staff to take or retain any property of any Contracting Entity or any property of any employees of any Contracting Entity.
- 3.13. Legal Compliance. Contractor shall comply with all federal, state, and local laws, rules, regulations, and ordinances applicable to the performance of all Services.
- 3.14. Conflict of Interest Questionnaire. If required, Contractor shall complete, file and update a Conflict of Interest Questionnaire in compliance with Chapter 176 of the Texas Local Government Code. Contractor

acknowledges that the law requires the County to provide access to this questionnaire on the official Travis County website.

- 3.15. Certification Regarding Debarment. Contractor shall complete and update a Certification Regarding Debarment on the form in Attachment G whenever there is a change in status.
- 3.16. HIPAA Business Associate Agreement. Contractor shall execute and deliver to County the Business Associate Agreement in the form in Attachment H simultaneously with the execution of this Contract.

4. **CONTRACTOR STAFFING REQUIREMENTS**

- 4.1. Personnel Used. Contractor expressly acknowledges that, in entering into this Contract, County has relied on the representations of Contractor about the training and experience of persons who will perform the Services. Contractor shall ensure that all work is done by the persons that Contractor represented as performing the Services in its proposal and who are listed with their qualifications in Attachment D or persons with equivalent qualifications.
- 4.2. Professional Qualifications. At all times during Contract, Contractor shall maintain in good standing its professional license and accreditations applicable to Services. Contractor shall perform all acts reasonably necessary to maintain and improve its professional competence and training. Contractor shall Notify County within two (2) Working Days if any adverse action related to its professional license and accreditations occurs.
- 4.3. Manager Qualifications. Each year Contractor shall provide a resume identifying the qualifications of the Audit Manager, who is a key person on the audit engagement and shall certify his/her availability to the Contracting Entity on a full-time basis during the audit.
- 4.4. Staff Qualifications. Assigned key staff outlined for this audit should have technical skills and experience in auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* and at least two or more of the following areas: GAAP, governmental accounting, grant accounting, integrated financial systems, OCBOAs, business process analysis, knowledge of the Texas Department of Criminal Justice Financial Management Manual for CJAD Funding and TJJD grant agreements, and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133.
- 4.5. Requirement to Use Qualified Staff. Contractor shall be responsible for staffing the audit with professional staff capable of performing the Annual Audit Services and acceptable to the Contracting Entity. Each year Contractor shall identify the size and makeup of the engagement team

from the partner to the staff level including any supervisors and/or specialists

- 4.6. Continuity of Personnel. Engagement partners, managers, supervisory staff and specialists may be changed if those personnel leave Contractor, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of Contracting Entity. However, in either case, Contracting Entity retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of Contractor provided that replacements have substantially the same or better qualifications or experience.
- 4.7. County Right to Reject Personnel. Contractor grants County, CSCD, and Juvenile Board the right to reject personnel working on their respective audits at any time. If Contracting Entity is dissatisfied with the performance of the persons regularly assigned to work for Contracting Entity due to performing substandard work or having a personality conflict with County staff, CSCD staff, Juvenile Board staff, or other Contractor personnel, this person shall be replaced by a person acceptable to Contracting Entity. If Contractor requests changes in assigned personnel, changes must be approved by the Contracting Entity prior to implementing the changes. Contractor shall allow Contracting Entity a ten (10) day acceptance period for any individual assigned. During this period, if the individual proves not to be capable of fulfilling the tasks assigned, and Contractor receives notice from the Contracting Entity, Contractor shall remove that person.
- 4.8. Use of Subcontractors. If Contractor includes one or more subcontractors in its proposal, Contractor must perform Annual Audit Services with an integrated team approach that makes any relationship between Contractor and all subcontractors appear as if all staff members who are assigned to provide services for this contract are part of an integrated whole so that all portions of the Annual Audit Services are performed by a combination of persons associated with Contractor and persons associated with the subcontractor. Contractor shall not assign any portion of the Annual Audit Services solely to persons associated with a subcontractor.

5. CONTRACTOR ANNUAL AUDIT SERVICES

- 5.1. Completion Timing Requirements. Contractor shall perform all Annual Audit Services in a prompt and efficient manner. Contractor shall perform the Annual Audit Services in compliance with the timelines stated in Attachment A Specific Audit Requirements, section 6 Implementation which are required performance conditions of this contract, and in compliance with Contractor's assurances, certifications, and all other statements made in the portions of Attachment D Contractor's Proposal.

Timing of performance of the Services and of delivery of all deliverables is of the essence. If delivery or completion dates cannot be met, Contractor must inform the Project Manager immediately. Providing this information does not change the delivery or completion dates unless this Contract is amended.

- 5.2. County Audit Completion Timing. Each timeline listed in Attachment A Specific Audit Requirements, subsection 6 Implementation is a required performance and condition of this contract. Contractor shall perform all Annual Audit Services in a prompt and efficient manner.
- 5.3. CSCD Audit Completion Timing. Contractor must make all reports to be prepared for CSCD available to CSCD at least thirty (30) Days before CSCD is required by its contract with TDCJ-CJAD to submit the report to TDCJ-CJAD. At execution of this Contract, Contractor must make the reports available to CSCD no later than February 28 of each year for submission to TDCJ-CJAD no later than March 31 of that year as currently required by the contract with TDCJ-CJAD. Because time is of the essence in this Contract, Contractor acknowledges that failure to comply with this timing requirement could result in a refusal by TDCJ-CJAD to continue its grants to the CSCD and result in damages to Travis County and CSCD.
- 5.4. Juvenile Audit Completion Timing. Contractor must make all reports to be prepared for Juvenile Board available to the Juvenile Board at least seven (7) Days before the Juvenile Board is required by its contract with TJJD to submit the report to TJJD if the date for submission is February 28 or earlier and at least thirty (30) Days before the Juvenile Board is required by its contract with TJJD to submit the report to TJJD if the date for submission is later than February 28. At execution of this Contract, Contractor must make the reports available to the Juvenile Board no later than February 21 of each year for submission to TJJD no later than March 1 of that year as required by the contract with TJJD. Because time is of the essence in this Contract, Contractor acknowledges that failure to comply with this timing requirement could result in a refusal by TJJD to continue the grants to the Juvenile Board and result in damages to Travis County and the Juvenile Board.
- 5.5. Basis of Audits. It is required that the audit and the required reports be performed in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, the State of Texas Uniform Grant Management Standards ("UGMS") issued by the Governor's Office of Planning and Budget, the State of Texas Single Audit Circular, the independent audit guidelines

issued by Texas Juvenile Justice Department and Texas Department of Criminal Justice – Community Justice Assistance Divisions (TDCJ-CJAD), and any other standards or requirements established during the term of the contract by any of these organizations that relate to the funds being audited under the contract. These audits are requested pursuant to Texas Local Government Code Section 115.045 and other applicable State and Federal Laws.

6. CONTRACTOR REPORTING

- 6.1. Regularly Scheduled Meetings. Upon request of the Contracting Entity, Contractor shall report at regularly scheduled meetings of the Commissioners Court, Juvenile Board, District Judges, or CSCD, whichever is applicable, on the status, progress, and general nature of the work performed to date pursuant to this contract.
- 6.2. Individual Representative Meetings. Contractor shall be available to the Travis County Commissioners Court (or its voted designees), Travis County District Judges (or its voted designees), Juvenile Board (or its designee), CSCD (or its designee), or County Auditor at any time for questions with respect to that Contracting Entity's Annual Audit Services.

7. CONTRACTOR EXPRESS ACKNOWLEDGMENTS, REPRESENTATIONS, AND WARRANTIES

- 7.1. Contractor acknowledges that no officer, agent, employee, or representative of County has any authority to change this Contract, to approve assignment of any part of it, or to waive any provision of it unless expressly granted that specific authority by Commissioners Court.
- 7.2. Independent Contractor. Contractor expressly acknowledges that Contractor is an independent contractor, operating solely in that capacity, and assumes all of the rights, obligations and liabilities applicable to it as an independent contractor. Contractor acknowledges that neither it nor the employees of Contractor and its subcontractors are employees of any Contracting Entity and they do not gain any rights against any Contracting Entity pursuant to any Contracting Entity's personnel policies and procedures.
- 7.3. No Agency Relationship. Contractor acknowledges that it does not have the authority to enter into any contract in the name of any Contracting Entity or otherwise bind any Contracting Entity in any way without the express written consent of that Contracting Entity. No Contracting Entity has the authority to enter into any contract in the name of Contractor or

otherwise bind Contractor in any way without the express written consent of Contractor.

7.4. Professional Representations. Contractor makes the following representations:

7.4.1. Contractor has financial strength, technical depth, and a proven track record in auditing political subdivisions with populations of 350,000 or more but less than 3 million.

7.4.2. Contractor and all assigned key professional staff are properly registered or licensed to practice professional public accounting in Texas.

7.4.3. Contractor is a certified public accounting firm which has principals and staff with demonstrated experience and expertise who offer:

7.4.3.1. Licensed certified public accountants (CPA) who are knowledgeable of generally accepted accounting and auditing principles (GAAP & GAGAS), other comprehensive basis of accounting (OCBOAs), and all relevant governmental accounting standards (GASB);

7.4.3.2. An Audit Manager who is a licensed CPA who has a minimum of 5-7 years of experience in double-entry accounting systems and government auditing of political subdivisions with populations of 350,000 or more but less than 3 million;

7.4.3.3. Experience in auditing integrated financial systems;

7.4.3.4. Documented experience in governmental accounting, federal/state grant accounting, financial reporting, OCBOAs and government auditing for political subdivisions with populations of 350,000 or more but less than 3 million;

7.4.3.5. Documented experience in such areas as arbitrage reporting, pension benefit obligation reporting, economic gain or loss on defeasance of debt reporting, auditing of actuarially determined risk reserves, and conduit debt obligations reporting for political subdivisions with populations of 350,000 or more but less than 3 million;

7.4.3.6. Thorough understanding of the state and local government statutes as they relate to counties with populations of 350,000 or more but less than 3 million;

7.4.3.7. Thorough understanding of the financial laws of Texas;

7.4.3.8. Thorough understanding of the internal controls that need to be in place to safeguard the County's assets;

- 7.4.3.9. Documented external quality control reviews (provide the two most recent peer review reports);
 - 7.4.3.10. No significant litigation or disciplinary actions by the SEC or others (provide a statement disclosing any such items).
- 7.5. Independence Representation. Contractor is and will remain independent of all Contracting Entities, their officers, and key employees in their financial operations, as defined by generally accepted auditing standards and the U.S. Government Accountability Office's Government Auditing Standards. This independence applies to both the personal and professional levels.
- 7.6. Independence Representation—Component Units. Contractor is independent of all of the component units and related organizations of all Contracting Entities, as defined by generally accepted auditing standards and the U.S. Government Accountability Office's Government Auditing Standards, the AICPA and the Securities and Exchange Commission.
- 7.7. Continuity of Staff. Contractor is committed to providing continuity of staff; however, any Contracting Entity may request longer assignments for staff members whom Contractor has identified for transfer to other projects.
- 7.8. Reliance on Staffing Proposed. Contractor expressly acknowledges that, in entering this Contract, all Contracting Entities have relied on the representations of Contractor about the persons who will be performing the Services and their qualifications and that any other person except staff must be approved by the Contracting Entity before providing Services, which approval the Contracting Entity shall not unreasonably withhold. Contractor warrants that all work done will be done by the employees or members of Contractor or of the subcontractors named in Contractor's Proposal who are presented as performing the Annual Audit Services.
- 7.9. Truth of Proposal. Contractor warrants that all of the information provided in Contractor's Proposal is true and correct
- 7.10. Copyrights, Patents, and Licenses. Contractor warrants that all applicable copyrights, patents, licenses and other proprietary or intellectual property rights which may exist on materials used by Contractor in performance of Services have been adhered to and warrants that the Contracting Entity is not liable for any infringement by Contractor of those rights and any rights granted to the Contracting Entity by Contractor shall apply for the duration of the Contract.
- 7.11. Applicability of Public Information Act. Contractor acknowledges that each Contracting Entity is subject to the Texas Public Information Act and the

Services are for a public governmental purpose and deliverables are for the information purposes of the Contracting Entity.

- 7.12. Limit on Compensation. Contractor expressly acknowledges that the sum stated in Attachment B is the maximum amount to be paid by any Contracting Entity to Contractor for the Services unless this Contract is amended for Additional Services.
- 7.13. Federal Funds. Contractor warrants that Contractor has not paid and will not pay, and no one else has paid or will pay on behalf of Contractor, any federally appropriated funds to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, or the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- 7.14. Payment of Property Taxes. Contractor warrants that Contractor is not currently delinquent in payment of property taxes to the Travis County Tax Assessor–Collector.
- 7.15. Financial Stability. Contractor warrants that Contractor is not in receivership and does not contemplate going into it, and has not filed for bankruptcy.

8. CONTRACTING ENTITY RESPONSIBILITIES AND ACKNOWLEDGEMENTS

- 8.1. Reasonable Cooperation. Contracting Entity shall provide reasonable cooperation with Contractor in Contractor's performance of the Services including, without limitation, providing Contractor with reasonable facilities and timely access to data, information and personnel of Contracting Entity. Contracting Entity is responsible for the performance of its personnel and for the accuracy and completeness of all data and information provided to Contractor for the purposes of the performance of Services by Contractor.
- 8.2. Document Preparation. For County, the County Auditor and her staff prepare confirmation letters, examine bank reconciliations for the official fees accounts held by the elected officials, prepare working trial balances and supporting documentation, and pull invoices and checks.
- 8.3. Confidential Information. Contracting Entity acknowledges that any confidential information that comes to the attention of Contractor in the course of performing the Services may be considered and used by

Contractor in responding to its professional obligations as the independent accountants for Contracting Entity.

- 8.4. Public Information. County is subject to the Texas Public Information Act, as well as other regulations and statutes which set standards for use and accessibility of taxpayer purchased property, services, and information. County makes no agreement that might limit public access, limit the public purpose for which the services were procured, or that might contravene state or federal law.
- 8.5. No Notice to Consent. County has no contractual or statutory obligation to provide notice or obtain Contractor's consent when County financial statements, which include the Contractor's report on the audited sections of the financial statements, are referenced or otherwise reproduced. County will make reasonable efforts to provide a draft copy to Contractor of any Offering Statement which references the Contractor's report or audited financial statement, or in which material changes have been identified that would reasonably affect the Contractor's report even if the report is not directly referenced.
- 8.6. Dissemination of Financial Statements. County acknowledges that the dissemination of its financial statements, in part or in full, does not constitute an agreement by the Contractor to be associated with or approval of the dissemination.
- 8.7. Budgeting Contract Funds. County is responsible for budgeting the contract amount according to periods in which work is performed. County acknowledges that failure to fund additional procedures necessary to fulfill the normal financial statement audit due to the existence of more than 8 major funds or more than twelve major grant programs or changed circumstances requiring additional review of controls and testing may result in the Contractor's inability to issue an acceptable opinion. Contracting Entity shall not be liable for costs incurred or performances rendered by Contractor before or after the contract period.

9. COMPENSATION AND PAYMENT FOR CONTRACTING ENTITY SERVICES

- 9.1. In Attachment B, "Expenses" means long distance telephone, facsimile, photocopies, and supplies and does not include costs of travel.
- 9.2. Taxpayer Identification Number. Contractor shall provide County with an Internal Revenue Form W-9 Request for Taxpayer Identification Number and Certification that is completed in compliance with the Internal Revenue Code, its rules and regulations before any Contract funds are payable.

- 9.3. Fees and Invoicing. In consideration of the satisfactory performance of the Services by Contractor and Contractor's compliance with this Contract, the Contracting Entities shall pay Contractor in accordance with the Fee Rates and Payment Schedule in Attachment B after Contractor invoices the Contracting Entity in compliance with Attachment B. Contractor shall not invoice any Contracting Entity in advance and Contracting Entity is not liable for any advance payments.
- 9.4. Acceptance of Services. Contracting Entity is not responsible for the cost of any Services until Contracting Entity has accepted the Services. Contracting Entity shall accept Services when Contracting Entity determines, in its sole discretion, that the Services have been performed and completed in a good and timely manner to Contracting Entity's satisfaction and at a standard acceptable in Contractor's profession. Contracting Entity shall not unreasonably withhold acceptance.
- 9.5. Delayed Payment to Contractor with Outstanding Debt.
- 9.5.1. In section 9.5, "Debt" includes delinquent taxes, fines, fees owing to the state or a Contracting Entity, and indebtedness arising from written agreements with Texas or Contracting Entity for which a notice with evidence has been filed with the County Auditor or Travis County Treasurer.
- 9.5.2. Section 154.045 of the Texas Local Government Code authorizes County not to draw a check on any County fund in favor of the Contractor, or its agent or assignee until the Debt is paid after the Travis County Treasurer notifies Contractor in writing that the Debt is outstanding.
- 9.5.3. If the Treasurer's notice states that any amount owed by the County to Contractor may be applied to reduce the outstanding Debt, County may apply any amount County owes Contractor to the outstanding balance of the Debt.
- 9.6. Unauthorized Invoicing. Contracting Entity is not liable for any of the following:
- 9.6.1. costs incurred or performances rendered by Contractor before or after the Contract term,
- 9.6.2. expenses not billed to a Contracting Entity within the applicable time limits in this Contract, or
- 9.6.3. any costs for activities not included as Services.
- 9.7. Return of Overpayment. Contractor is liable to Contracting Entity if and when Contracting Entity determines that a payment has resulted in overpayment. Contractor shall repay the overpayment to Contracting

Entity within thirty (30) Days after Contracting Entity requests a repayment. If Contractor does not repay the overpayment within thirty (30) Days, Contracting Entity may offset the amount of any overpayment against the next amount payable to Contractor under this or any other contract.

10. RISK ALLOCATION

10.1. Definition of Claim In this section 10 "Claim" means any negligence, cause of action, suit, proceeding before any administrative agency, loss, damages, or liability of any kind, including all expenses of litigation, court costs and attorney's fees

10.2. Indemnification

10.2.1. Contractor shall indemnify and hold harmless County, its officers, agents, and employees, from all Claims for injury to or death of any person, for any act or omission by Contractor, or for damage to any property, arising out of or in connection with the Services.

10.2.2. Contractor shall indemnify and hold harmless the County, its officers, agents, and employees from all Claims for damages to any person or property arising in connection with any alleged or actual infringement of existing patents, licenses, copyrights or other intellectual property rights applicable to materials used in and work products arising from this Contract.

10.3. Claims Notification. If Contractor receives notice or becomes aware of any Claim against Contractor or County, without regard to who brought it, Contractor shall give County Notice within three (3) Working Days after Contractor becomes aware of the Claim or threat of Claim. Unless otherwise directed, Contractor shall furnish County copies of all pertinent papers received by Contractor regarding the Claim. Contractor's Notice shall include:

10.3.1. a written description of the Claim;

10.3.2. the name and address of whoever made or threatened to make the Claim;

10.3.3. the basis of the Claim;

10.3.4. the court or administrative tribunal, if any, where the Claim was instituted; and

10.3.5. the name of any other persons against whom this Claim is being made or threatened.

10.4. Requirement for Insurance. Contractor shall have and maintain at least the minimum types of insurance listed in Attachment C throughout the term of this Contract. Contractor's insurance must be sufficient to cover the needs of Contractor pursuant to applicable generally accepted business standards related to the risks associated with providing the Services, but not less than the minimum coverage limits stated in Attachment C. Depending on services provided by Contractor, supplemental insurance requirements or alternate insurance options may apply in addition to those stated in Attachment C. If County authorizes Contractor to subcontract Services under this Contract, Contractor shall either maintain insurance that covers all subcontractors and complies with 10.5 and Attachment C throughout the term of the Contract or ensure that all subcontractors have and maintain insurance for the work related to the Services that is performed by them and that their insurance complies with sections 10.4 and 10.5 and Attachment C while performing work related to the Services.

10.5. General Insurance Requirements. Contractor shall comply with the following requirements related to insurance:

10.5.1. Contractor shall obtain insurance written by companies licensed in Texas with an A.M. Best rating of B+ VIII or higher. If Contractor wants to use surplus carriers, these carriers are subject to County approval.

10.5.2. Before Contractor begins Services, Contractor shall have at least the required insurance in force. Contractor shall not allow any insurance to be cancelled or lapse and shall not permit the minimum limits of coverage to erode or otherwise be reduced during this Contract. Contractor is responsible for all premiums, deductibles, and self-insured retention.

10.5.3. Contractor shall submit a Certificate of Insurance written on the state-approved form and signed by the writing agent or the carrier to County Purchasing Agent within ten (10) Working Days after the earlier of execution of the Contract by both parties, or the effective date of the Contract. The Certificates must include the following:

10.5.3.1. the Travis County contract number,

10.5.3.2. all deductibles and self-insured retention,

10.5.3.3. an endorsement that names Travis County as additional insured where County's interest may lie,

- 10.5.3.4. an endorsement which makes the insurance primary for all claims,
 - 10.5.3.5. a Waiver of Subrogation (Form 420304) endorsement,
 - 10.5.3.6. a Thirty (30) Day Notice of Cancellation (Form 420601) endorsement.
- 10.5.4. On its request, County is entitled to receive certified copies of policies and endorsements at no additional expense to County.
- 10.5.5. Contractor acknowledges that County has the right to review insurance requirements during any term of the Contract and to require that Contractor make reasonable adjustments when the Services have changed or expanded.
- 10.5.6. Insurance coverage specified in this Contract is not intended and will not be interpreted to limit the responsibility or liability of the Contractor.

11. CHANGES TO CONTRACTOR'S RIGHTS AND OBLIGATIONS

- 11.1. General. Unless specifically provided otherwise in this Contract, any change to this Contract must be in writing and signed by each party.
- 11.2. Requests for Changes. Contractor shall submit requests for changes to this Contract to the Purchasing Agent with a copy to the Project Manager.
- 11.3. Purchasing Agent Authority. The Purchasing Agent has certain limited authority to approve changes subject to Chapter 262 of the Texas Local Government Code and County policy approved by the Commissioners Court such as changing any aspect of contract to correct errors of a general administrative nature or other mistakes, the correction of which does not affect the scope of the Contract and does not result in expense to the Contractor. Within that authority, the Purchasing Agent may approve certain requests to change this Contract. At any time, the Purchasing Agent may submit any request to the Commissioners Court for approval, regardless of the authority of the Purchasing Agent to approve the change.
- 11.4. Change of Name. If Contractor's actions require County to recognize a change of Contractor's name, Contractor must notify the Purchasing Agent immediately. County does not recognize any change in its Contractor's obligations until Commissioners Court approves the change.
- 11.5. Assignment. The parties may not assign any rights or duties in this Contract without the prior written approval of the other party. Contractor may submit a written request for an assignment to the Purchasing Agent

with a copy to Project Manager. The Purchasing Agent shall submit requests to the Commissioners Court for appropriate action. If Contractor fails to obtain approval, County may delay payment or exercise other legal or equitable rights. If Contractor assigns this Contract in compliance with this section, all aspects of this Contract are binding upon and inure to the benefit of its successors in interest and assigns. If County assigns this Contract in compliance with this section, all aspects of this Contract are binding upon and inure to the benefit of its successors in interest and assigns.

- 11.6. Subcontracting. Except as otherwise specifically provided in this Contract, Contractor may not subcontract with any other person to perform any of the Services or other obligations under this Contract. If subcontracting is allowed, Contractor must provide for insurance for subcontracts as stated in section 10.4 and require subcontractors to complete and update a Certification Regarding Debarment on the form in Attachment G whenever there is a change in status and provide the Purchasing Agent with copies of these certifications.

12. DISPUTE RESOLUTION

12.1. Procedure.

- 12.1.1. In this section 12.1, "Correspondence" means any notice, document, letter, email, or other tangible transfer of information related to an issue and "Dispute Manager" means the Purchasing Agent or other representative authorized by Commissioners Court.
- 12.1.2. Notice of Dispute. If the Contractor and the Project Manager have been unable to resolve any issue related to this Contract, Contractor may submit a Notice of the dispute to the Dispute Manager. The Notice should contain specific details about the issues and Contractor's preferred resolution of the dispute, including mediation, if desired. The Contractor may include any other relevant information.
- 12.1.3. Flow of Information. After the Dispute Manager receives the Contractor's Notice, the Dispute Manager represents the Contracting Entity in the administration of the dispute. After this Notice, any additional Correspondence is not effective unless it is directed to or sent by the Dispute Manager. If Contractor disagrees with any Correspondence issued by the Dispute Manager, Contractor may submit a written response detailing its reasons for disagreement with the Correspondence to the Dispute Manager and the Project Manager within ten (10) Days after receipt of the Correspondence.
- 12.1.4. Proposed Resolution. Within thirty (30) Days after the Dispute Manager receives Contractor's response, the Dispute Manager must

send a final written proposal for resolution of the dispute to Contractor.

- 12.1.5. Appeal. If the final written proposal does not resolve the dispute to Contractor's satisfaction, Contractor may submit a written appeal to the governing body of the Contracting Entity involved through the Dispute Manager within ten (10) Days after receipt of the unsatisfactory proposal. The Dispute Manager forwards a copy of the appeal to the Project Manager for it to be placed on the agenda of governing body of the Contracting Entity involved. The governing body of the Contracting Entity involved hears the appeal. Contractor may make a presentation at that hearing.
- 12.2. Mediation. When mediation is acceptable to both parties, the parties may use a mutually acceptable mediator, or a mediator appointed by a court of competent jurisdiction. Mediation is conducted in compliance with Chapter 154 of the Texas Civil Practice and Remedies Code. Unless both parties are satisfied with the mediated resolution, the mediation is not a final and binding resolution of the dispute. All communications within the scope of the mediation must remain confidential in compliance with section 154.073 of the Texas Civil Practice and Remedies Code, unless both parties agree in writing to waive confidentiality.
- 12.3. Suspension. After Notice to Contractor, County may suspend this Contract in whole or in part and withhold further payments to Contractor until County and Contractor resolve the issues causing the suspension. Contractor shall not incur additional obligations of Contract funds after receipt of a Notice of suspension until Contractor receives a Notice from County that the issues supporting suspension are resolved to County's satisfaction.
- 12.4. Non-Waiver of Default. The Contracting Entities expressly reserve all their rights under this Contract. Any action that a Contracting Entity takes to exercise any right or remedy shall not be interpreted as a waiver of any other rights or remedies or preclude the exercise of any other right or remedy under this Contract or under any law. A payment, act, or omission by a Contracting Entity shall not impair or prejudice any of its rights or remedies.

13. TERMINATION

- 13.1. Termination for Convenience. Either party may terminate this Contract at any time by giving the other party Notice of termination at least sixty (60) Days before the effective date of the termination. If a Contracting Entity terminates this Contract, the Contracting Entity is not liable for any loss of profits anticipated by Contractor.

- 13.2. Termination for Default. Either party may terminate this Contract for the failure of the other party to perform any material provision of this Contract by delivering Notice of termination for default. A party may not terminate for default if the party was a contributing cause of the failure to perform. The Contract terminates immediately when the defaulting party receives that Notice. If a Contracting Entity terminates this Contract, County is not liable for any loss of profits anticipated by Contractor.
- 13.3. Funding Out. Despite anything to the contrary in this Contract, if the Commissioners Court fails to provide funding for this Contract during the budget planning and adoption process for the next County fiscal year, County may terminate this Contract after giving Contractor twenty (20) Days Notice that this Contract is terminated due to the failure to fund it.
- 13.4. Gratuities. Contracting Entity may terminate this contract if it is found that gratuities of any kind including entertainment, or gifts were offered or given by the Contractor or any agent or representative of the Contractor, to any official, agent or employee of any Contracting Entity with a view toward securing favorable treatment with respect of this Contract. If this contract is terminated by the Contracting Entity pursuant to this provision, Contracting Entity shall be entitled, in addition to any other rights and remedies, to recover from the Contractor at least three times the cost incurred by Contractor in providing these gratuities.

14. NOTICE

- 14.1. Written Notice. All notices between the parties and related to this Contract shall be given to the other party in writing. If a notice is delivered in person to the address in this section 14. for the party to whom the notice is given, that notice deemed to have been given immediately, or on the third day following mailing. If a notice is placed in the United States Mail, postage prepaid, by registered or certified mail with return receipt requested, addressed to the address in this section 14. for the party to whom the notice is given, that notice is deemed to have been given on the third Working Day following mailing.
- 14.2. The address of **County** for all purposes and Notices except invoicing under this contract shall be:

Cyd V. Grimes, C.P.M., CPPO (or her successor)
Purchasing Agent
P.O. Box 1748
Austin, Texas 78767-1748

- 14.3. The address of CSCD for all purposes and Notices except invoicing under this contract shall be:

Cyd V. Grimes, C.P.M., CPPO (or her successor)
Purchasing Agent
P.O. Box 1748
Austin, Texas 78767-1748

With copies to (registered or certified mail is not required):

Honorable Judge Julie Kocurek (or her successor in office)
Presiding District Judge, CSCD
P.O. Box 1748
Austin, Texas 78767-1748

and to:

Charles Robinson
Director of CSCD
P.O. Box 1748
Austin, Texas 78767-1748

- 14.4. The address of Juvenile Board for all purposes and Notices except invoicing under this contract shall be:

Cyd V. Grimes, C.P.M., CPPO (or her successor)
Purchasing Agent
P.O. Box 1748
Austin, Texas 78767-1748

With copies to (registered or certified mail is not required):

Honorable Judge Rhonda Hurley (or her successor in office)
Chair, Travis County Juvenile Board
P.O. Box 1748
Austin, Texas 78767-1748

- 14.5 The address of the Contractor for all purposes under this contract and for all notices hereunder is:

Atchley & Associates, LLP
6850 Austin Center Blvd, Suite 180
Austin, Texas 78731

- 14.6 Change of Address. Each party may change its address for notice by giving Notice of the new address. Each party shall give Notice to each other party of any change in its address, including a change in the person to whom attention is directed, within fifteen (15) Days of the change.

15. GENERAL PROVISIONS

15.1. Definitions for Forfeiture Of Contract. In section 15.3 and Attachment F,

15.1.1. "Is doing business" and "has done business" mean:

15.1.1.1. Paying or receiving in any calendar year any money or other valuable thing with a value of more than \$250 per calendar year in the aggregate in exchange for personal services or for purchase or use of any property or property interest, either real or personal, either legal or equitable; or

15.1.1.2. Loaning or receiving a loan of money or goods or otherwise creating or having in existence any legal obligation or debt with a value of more than \$250 in the aggregate in a calendar year;

15.1.1.3. but do not include:

15.1.1.3.1. any retail transaction for goods or services sold to a Key Contracting Person at a posted, published, or marked price available to the general public,

15.1.1.3.2. any financial services product sold to a Key Contracting Person for personal, family, or household purposes in accordance with pricing guidelines applicable to similarly situated individuals with similar risks as determined by Contractor in the ordinary course of its business; and

15.1.1.3.3. if Contractor is a national or multinational corporation, any transaction for a financial service or insurance coverage made on behalf of Contractor by its agent, employee, or other representative who does not know and is not in a position that he or she should have known about the Contract.

15.1.2. "Key Contracting Person" means any person or business listed in Exhibit A to the Ethics Affidavit attached to this Contract and marked Attachment F.

15.2. Forfeiture of Contract. Contractor shall forfeit all benefits of this Contract and Contracting Entity retains all performance by Contractor and recovers all considerations, or the value of all consideration, paid to Contractor pursuant to this Contract if Contractor:

15.2.1. was doing business when Contractor submitted its proposal,

- 15.2.2. had done business with a Key Contracting Person during the year immediately before to the date on which its proposal was due; or.
- 15.2.3. does business with a Key Contracting Person after submitting its proposal and before full performance of this Contract.
- 15.3. If Contractor does business with any Key Contracting Person at any time after execution of this Contract and before full performance of it, Contractor shall give County notice within twenty (20) Days after Contractor begins doing business.
- 15.4. Force Majeure. “Force Majeure” means any cause generally recognized under Texas law as constituting impossible conditions. Neither party is financially liable to the other party for delays or failures in Contract performance caused by Force Majeure. These delays or failures to perform extend the period of performance for a period of time equal to the subsistence of the impossible conditions. If Force Majeure conditions exist, the party affected by them shall give the other party Notice within five (5) Working Days after the conditions begin. If timely Notice is impractical due to the Force Majeure conditions, then the party must provide Notice in as timely a manner as practicable. If Notice is not provided timely, the party experiencing Force Majeure waives it as a defense.
- 15.5. Entire Agreement. This Contract contains the entire agreement between County and Contractor related to the subject matter of this Contract. If County and Contractor made any prior agreements, promises, negotiations, or representations that County and Contractor have not expressly stated in this Contract, those prior agreements, promises, negotiations, or representations are of null and void. The following attachments are hereby made a part of this Contract:
 - 15.5.1 Attachment A Specific Audit Requirements,
 - 15.5.2 Attachment B, Fee Rates, Payment Schedule and Invoicing Requirements
 - 15.5.3 Attachment C, Minimum Coverage for Insurance
 - 15.5.4 Attachment D, Proposed Audit and Staffing Plan for Travis County
 - 15.5.5 Attachment E, Description of Travis County Government
 - 15.5.6 Attachment F, Ethics Affidavit and
 - 15.5.7 Attachment G, Debarment Certification
 - 15.5.8 Attachment H, HIPAA Business Associate Agreement
- 15.6. If there is a conflict between the terms of this document and the Attachments to it, section 6 of Attachment A overrides all other statements that relate to required completion dates. In relation to all matters unrelated to required completion dates:

15.6.1 The terms of this document override all Attachments and

15.6.2 Attachments A, B, and C override Attachment D.

15.7. Authority

15.7.1. The Purchasing Agent acts County's overall contract administrator. The Purchasing Agent may designate representatives to transmit instructions and receive information

15.7.2. Project Manager has been designated as County's primary representative on the project and acts on behalf of County with respect to Services. Project Manager has the authority to interpret and define County policies and decisions regarding Services.

15.7.3. Project Manager may designate representatives to transmit instructions and receive information. Project Manager reviews, inspects and examines Contractor's performance of Services.

15.8. Law and Venue. This Contract is governed by the laws of the United States and the State of Texas and all obligations under this Contract are performable in Travis County, Texas.

15.9. Binding Contract. Despite any other provision in this Contract, this Contract is binding upon each Contracting Entity and Contractor and their respective successors, executors, administrators, and assigns.

15.10. Non-Exclusivity. As a part of this Contract, the parties understand that Contractor may provide services outside this Contract as it sees fit at those times when Contractor is not obligated to a Contracting Entity and there is no conflict with a Contracting Entity's interests. The parties also understand that each Contracting Entity is free to have more than one contractor providing the type of services included in this Contract.

15.11. Survival. Conditions and covenants of this Contract which by their terms are performable after the termination of this Contract shall survive such termination and remain fully performable. These provisions include at least sections 10.2 Contractor Indemnifications, 3.16 HIPAA Business Associate Agreement, 3.4 Records, and 15.1 through 15.3 Forfeiture of Contract.

15.12. Interpretational Guidelines

15.12.1. Sovereign Immunity and Affirmative Defenses. This Contract shall not be interpreted to include anything that is effective as a waiver of sovereign immunity or any affirmative defenses available to County.

15.12.2. Severability. If any portion of this Contract is ruled invalid by a court of competent jurisdiction, the remainder of the Contract shall remain valid and binding.

- 15.12.3. HIPAA Compliance. Any ambiguity in this Contract and any conflict between this Contract and the Business Associate Agreement created in compliance with it shall be resolved to permit the Contracting Entity to comply with the provisions of the 45 Code of Federal Regulations, Part 164 which forms a portion of the regulations issued under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH).
- 15.12.4. Computation of Time. In computing a time period under this Contract, exclude the first Day and include the last Day. If the last Day does not occur on a Working Day, the period is extended until the next Working Day after the last Day. Commissioners Court usually designates the following Days as holidays:
- New Year's Day (January 1),
 - Martin Luther King's Birthday (3rd Monday in January),
 - Presidents' Day (3rd Monday in February),
 - Memorial Day (fourth Monday in May),
 - Independence Day (July 4),
 - Labor Day (first Monday in September),
 - Veterans' Day (November 11),
 - Thanksgiving (last Thursday and Friday in November),
 - Christmas Day plus one Day before or after to allow a four days weekend (December 25 plus one)
- 15.12.5. Gender and Number. Unless the context in the contract clearly requires otherwise, words of any gender are interpreted to include the other two genders and words in singular and plural are interpreted to include the other.
- 15.12.6. Headings. Headings and titles throughout this Contract are included only to make it easier to locate the subject matter covered by that section or subsection and are not to be used in interpreting this contract.
- 15.13. Exemption from County Purchasing Act. Pursuant to Section 262.024 of the Texas Local Government Code, the Commissioners Court hereby orders this Contract exempt from the requirements established by Section 262.023 of the Texas Local Government Code because it is a contract for the purchase of personal or professional services.
- 15.14. Duplicate Originals. This Contract will be executed in duplicate originals and be effective when executed by both parties.

16. SIGNATURES

16.1. Those signing this Contract on behalf of Contractor, or representing him or her or themselves as signing this Contract on behalf of Contractor, warrant and guarantee that he, she or they have been duly authorized by Contractor to sign this Contract on behalf of Contractor and to bind Contractor validly and legally to all terms, performances, and provisions in this Contract.

ATCHLEY & ASSOCIATES, LLP

TRAVIS COUNTY

By: Don Shane
Its Duly Authorized Signatory

By: _____
Samuel T. Biscoe
Travis County Judge

Date: 7/24/2014

Date: _____

TRAVIS COUNTY COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT (CSCD)

TRAVIS COUNTY JUVENILE BOARD for TRAVIS COUNTY PROBATION DEPARTMENT

By: _____
Charles Robinson
Director, Travis County
Community Supervision and
Corrections Department

By: _____
Rhonda Hurley
District Judge
Travis County Juvenile Board

Date: _____

Date: _____

PURCHASING ACT COMPLIANCE:

AVAILABILITY OF FUNDS CONFIRMED:

County Purchasing Agent

County Auditor

APPROVED AS TO FORM:

County Attorney

Attachment A
Specific Audit Requirements

1. PURPOSE AND OBJECTIVES

The **TRAVIS COUNTY COMMISSIONERS** desires the Contractor to express an opinion on the fair presentation of its basic financial statements in conformity with GAAP.

As required under the Texas Government Code, Chapter 2256, Public Funds Investment Act, Travis County Commissioners Court also desires the Contractor, in conjunction with the annual financial audit, to perform a compliance audit of management controls on investments and adherence to Travis County's established investment policies.

The Travis County Commissioners Court also desires the Contractor to express an opinion on the fair presentation, in all material respects, of the financial position of the governmental activities, of each major fund and aggregate remaining fund information of the County and the results of its operations and cash flows of its proprietary fund in conformity with GAAP. The Contractor is also required to express an opinion on the fair presentation, in all material respects, on the combining and individual fund financial statements and budgetary comparison schedules that are used to prepare the basic financial statements. The Contractor is not required to audit the introductory section and the statistical data which are also presented for the purposes of additional analysis and are not a required part of the basic financial statements of the County. The Contractor will apply limited procedures to the Management's Discussion and Analysis and the budgetary comparison information, which consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. This information is not required to be audited, and an opinion is not required on this information.

The Contractor is not required to audit the schedule of expenditures of federal and state awards. However, the Contractor is required to audit the compliance of Travis County with types of compliance procedures required in the U. S. Office of Management and Budget Circular A-133 Compliance Supplement that are applicable to each of the County's Federal and State programs and to express an opinion on County's compliance.

The **TRAVIS COUNTY JUVENILE BOARD** ("Juvenile Board") desires the Contractor to express an opinion on the fair presentation of the financial statements in conformity with a comprehensive basis of accounting consistent with the accounting practices and audit requirements established annually by the Texas Juvenile Justice Department.

The **TRAVIS COUNTY COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT** ("CSCD") desires the Contractor to express an opinion on the fair presentation of the combined balance sheet and related statements of revenues, expenditures and changes in fund balances of the supervision, diversion, community corrections and TAIP programs in conformity with standards established by the Texas Department of Criminal Justice as

set forth in its “Financial Management Manual for CJAD Funding”. The Contractor will perform tests of the CSCD programs to ensure compliance with the Texas Department of Criminal Justice - Community Justice Assistance Division’s “Independent Audit Guidelines, Compliance Requirements and Standard Reporting Formats” applicable for the fiscal year under audit.

2. AUDITING STANDARDS TO BE FOLLOWED

To meet the requirements of this Contract, the audit and the required reports must be performed in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, the State of Texas Uniform Grant Management Standards (“UGMS”) issued by the Governor’s Office of Planning and Budget, the State of Texas Single Audit Circular, the independent audit guidelines issued by Texas Juvenile Justice Department and Texas Department of Criminal Justice – Community Justice Assistance Divisions (TDCJ-CJAD), and any other standards or requirements established during the term of the contract by any of these organizations that relate to the funds being audited under the contract. These audits are requested pursuant to Texas Local Government Code Section 115.045 and other applicable State and Federal Laws.

3. REPORTS TO BE ISSUED

TRAVIS COUNTY ANNUAL AUDIT

Following the completion of the audit of the fiscal year’s financial statements, the Contractor shall issue all reports that are required by the County for compliance with law, professional accounting standards, or the funding contracts related to the funds being audited that are in effect for the fiscal year being audited, which include the following for fiscal year ended September 30, 2014 and may change in subsequent fiscal years audited under the contract:

1. A report to express an opinion on the fair presentation of the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information of the County, and the respective changes in financial position and, where applicable, cash flows thereof in accordance with GAAP.
2. A report to express an opinion on whether the supplementary information that accompanies the basic financial statements, including the schedule of expenditures of federal and state awards, are presented fairly, in all material respects, in relation to the basic financial statements taken as a whole.
3. A report on the internal control over financial reporting and compliance with applicable laws, regulations, contracts and grant agreements and other matters based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*. The firm will report results to the Travis County Commissioners Court and to the District Judges upon the completion of the assessment.

4. A report on the management controls on investments and adherence to Travis County's established investment policies (even though a separate report is not required under the Public Funds Investment Act),
5. A report on the internal controls used in administering federal and state awards, and compliance with the requirements of the laws and regulations applicable to major federal and state awards
6. A report on the County's compliance with requirements applicable to each major program and on internal control over compliance in accordance with U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement .

In the required report(s) on internal controls, the Contractor is required to communicate any significant deficiencies or material weaknesses found during the audit. A control deficiency that is considered a significant deficiency or material weakness shall be defined as a significant deficiency in the design or operation of the internal controls found during the audit, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Those control deficiencies that are not significant or material weaknesses discovered by the Contractor are required to be reported in a separate letter to management, which will be referred to in the report(s) on internal controls. The reports on compliance are required to include all instances of noncompliance that must be reported to be in compliance with the law, professional standards and the funding contract requirements. The Contractor shall describe its method and extent of research and review to reach its findings about control deficiencies.

Fraud, illegal acts, violations of provisions of contracts or grant agreements or abuse. The Contractor is required to make an immediate, written report of any material errors and any known or likely fraud, illegal acts, violations of provisions of contracts or grant agreements of which they become aware to Travis County Commissioners Court and to the District Judges.

Reporting to the Commissioners Court and District Judges. The Contractor will assure themselves that the Travis County Commissioners Court and the District Judges are informed of each of the following:

1. The responsibility of the Contractor under auditing standards generally accepted in the U.S. and government auditing standards issued by the comptroller general of the U.S.
2. Management judgments and accounting estimates
3. Audit adjustments and uncorrected misstatements
4. Significant accounting policies
5. Critical accounting policies and practices
6. Alternative accounting treatments
7. Other information in the Basic Financial Statements
8. Disagreements with management

9. Management consultation with other accountants
10. Major issues discussed with management prior to retention
11. Significant difficulties encountered in performing the audit
12. Other material written communications
13. Control-related matters

JUVENILE BOARD AUDIT

Following the completion of the audit of the fiscal year's financial statements, the Contractor shall issue all reports that are required by Juvenile Board for compliance with law, professional accounting standards, or the funding contracts related to the funds being audited that are in effect for the fiscal year being audited, which include the following for fiscal year ended August 31, 2014 which may change in subsequent fiscal years audited under the contract:

1. A report on the fair presentation of the financial statements in compliance with requirements under the state aid agreement with the Texas Juvenile Justice Department,
2. A report on internal control over financial reporting and compliance with laws, regulations and provisions of contracts or grant agreements – and other matters based upon an audit of financial statements performed in accordance with government auditing standards,
3. A schedule of findings and questioned costs,
4. A report of deficiencies in internal control, fraud, illegal acts, violations of provisions of contracts or grant agreements, and abuse.

In the required report(s) on internal controls, the Contractor is required to communicate any significant deficiencies or material weaknesses found during the audit. A control deficiency that is considered a significant deficiency or material weakness shall be defined as a significant deficiency in the design or operation of the internal control structure found during the audit, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Those control deficiencies that are not significant or material weaknesses discovered by the Contractor are required to be reported in a separate letter to management, which will be referred to in the report(s) on internal controls. The reports on compliance are required to include all instances of noncompliance that must be reported to be in compliance with the law, professional standards and the funding contract requirements. The Contractor shall describe its method and extent of research and review to reach its findings about control deficiencies.

Fraud, illegal acts, violations of provisions of contracts or grant agreements or abuse. The Contractor is required to make an immediate, written report of any material errors and any known or likely fraud, illegal acts, violations of provisions of contracts or grant agreements of which they become aware to the Juvenile Board.

Reporting to the Juvenile Board. The Contractor will assure themselves that the Juvenile Board are informed of:

1. The responsibility of the Contractor under auditing standards generally accepted in the U.S. and government auditing standards issued by the comptroller general of the U.S.
2. Management judgments and accounting estimates
3. Audit adjustments and uncorrected misstatements
4. Significant accounting policies
5. Critical accounting policies and practices
6. Alternative accounting treatments
7. Other information in the Combined Financial Statements
8. Disagreements with management
9. Management consultation with other accountants
10. Major issues discussed with management prior to retention
11. Significant difficulties encountered in performing the audit
12. Other material written communications
13. Control-related matters

COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT AUDIT

Following the completion of the audit of the fiscal year's financial statements, the Contractor shall issue all reports that are required by CSCD for compliance with law, professional accounting standards, or the funding contracts related to the funds being audited that are in effect for the fiscal year being audited, which include the following for fiscal year ended August 31, 2014 and may change in subsequent fiscal years audited under the contract:

1. A report on the fair presentation of the financial statements in compliance with requirements under grant agreements with the Texas Department of Criminal Justice - Community Justice Assistance Division,
2. A report on internal control over financial reporting and compliance with laws, regulations and provisions of contracts or grant agreements – and other matters based upon an audit of financial statements performed in accordance with government auditing standards,
3. A schedule of findings and questioned costs,
4. A report of deficiencies in internal control, fraud, illegal acts, violations of provisions of contracts or grant agreements, and abuse.

In the required report(s) on internal controls, the Contractor is required to communicate any significant deficiencies or material weaknesses found during the audit. A control deficiency that is considered a significant deficiency or material weakness shall be defined as a significant deficiency in the design or operation of the internal controls found during the audit, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Those control deficiencies that are not significant or material weaknesses discovered by the Contractor are required to be reported in a separate letter to management, which will be referred to in the report(s) on internal controls. The reports on compliance are required to include all instances of noncompliance that must be reported to be in compliance with the law, professional standards and the funding contract requirements. The Contractor shall describe its method and extent of research and review to reach its findings about control deficiencies.

Fraud, illegal acts, violations of provisions of contracts or grant agreements or abuse. The Contractor is required to make an immediate, written report of any material errors and any known or likely fraud, illegal acts, violations of provisions of contracts or grant agreements of which they become aware to the Travis County District Judges and the Community Supervision and Corrections Department.

Reporting to District Judges and CSCD. The Contractor will assure itself that the Travis County Community Supervision and Corrections Department and District Judges are informed of each of the following:

1. The responsibility of the Contractor under auditing standards generally accepted in the U.S. and government auditing standards issued by the comptroller general of the U.S.
2. Management judgments and accounting estimates
3. Audit adjustments and uncorrected misstatements
4. Significant accounting policies
5. Critical accounting policies and practices
6. Alternative accounting treatments
7. Other information in the Combined Financial Statements
8. Disagreements with management
9. Management consultation with other accountants
10. Major issues discussed with management prior to retention
11. Significant difficulties encountered in performing the audit
12. Other material written communications
13. Control-related matters

4. SPECIAL CONSIDERATIONS

4.1 Official Statements

Travis County currently anticipates it will prepare one or more official statements in connection with the sale of debt securities which will contain the basic financial statements and the report of the Contractor on these statements. The Contractor is required, if requested by the fiscal advisor or the underwriter, to issue a letter of "agreement for inclusion" as the auditor and any necessary "comfort letters".

The County has no contractual or statutory obligation to provide notice or obtain the consent of the Contractor when County financial statements, which include the report of the Contractor on the audited sections of the financial statements, are referenced or otherwise reproduced. The County will make reasonable efforts to provide a draft copy to

the Contractor of any Offering Statement which references the report of the Contractor or an audited financial statement, or in which material changes have been identified that would reasonably affect the report of the Contractor even if the report is not directly referenced.

The County is subject to the Texas Public Information Act, as well as other regulations and statutes which set standards for use and accessibility of taxpayer purchased property, services, and information. As such, the County will make no agreement that might limit public access, limit the public purpose for which the services were procured, or that might contravene state or federal law.

Travis County acknowledges that the dissemination of its financial statements, in part or in full, does not constitute an agreement by the Contractor to be associated with or to constitute approval of the dissemination.

4.2 The schedule of expenditures of federal and state awards and related auditor's report, as well as the reports on the internal control over reporting and compliance with laws, regulations and provisions of contracts or grant agreements and other matters are not to be included in the comprehensive annual financial report, but are to be issued separately.

4.3 The report to the Juvenile Board and the Texas Juvenile Justice Department should be issued separately.

4.4 The report to CSCD and the Texas Department of Criminal Justice should be issued separately.

5. WORKING PAPER RETENTION & ACCESS TO WORKING PAPERS

All working papers and reports must be retained, at the expense of the Contractor, for a minimum of three (3) years, unless the Contractor is notified in writing by the Contracting Entity of the need to extend the retention period. The Contractor will be required to make working papers available, upon written request, to the following parties or their designees:

- The Contracting Entity
- U.S. Government Accountability Office (GAO)
- Parties designated by the federal or state governments or by the Contracting Entity as part of an audit quality review process.
- Auditors of entities of which the Contracting Entity is a subrecipient of grant funds
- Auditors of entities of which Contracting Entity is a recipient of grant funds

In addition, the Contractor is required to respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance, to the extent required by appropriate professional standards.

6. IMPLEMENTATION

6.1 PRIMARY GOVERNMENT AUDIT

The Contractor will initiate an invitation to the appropriate official(s) for each of the conferences listed below. Schedule for the 2014 Fiscal Year Audit (a similar schedule will be developed for audits of future fiscal years if Travis County exercises its option for additional audits):

Interim Work - The Contractor is required to complete all interim work by September 30, 2014.

Detailed Audit Plan - The Contractor is required to provide Travis County, by September 30, 2014, both a detailed audit plan and a list of all schedules to be prepared by Travis County. For those schedules to be prepared by the County for interim work, the Contractor is required to provide the list by August 8, 2014.

Field Work - The Contractor is required to complete all fieldwork by February 13, 2015. Final fieldwork can commence no earlier than January 5, 2015.

Draft Reports - The Contractor is required to provide drafts of Report to Management to the County Auditor by February 20, 2015.

Entrance Conferences - at a minimum, the following conferences should be held by the dates indicated on the schedule:

- Entrance conference with the Travis County Commissioners Court (or its voted designees) as scheduled by the Commissioners Court. The purpose of the meeting will be to discuss the independent auditor's responsibilities (as stated in Government Auditing Standards Chapter 4.05-4.08) in performing this contract, including their responsibilities for testing and reporting on internal controls and compliance with laws and regulations.
- Entrance conference with the County Auditor by August 8, 2014 for preliminary field work and on January 2, 2015 for commencement of year-end audit work.
- Entrance conference with all key County Auditor's Office personnel by August 15, 2014. The purpose of this meeting will be to discuss prior audit problems and the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for work space and other needs of the Contractor.
- Entrance conference with the Travis County District Judges (or its voted designees) if requested by the District Judges.

Progress Conferences - at a minimum, the following conferences should be held by the dates indicated on the schedule:

- Progress conference with the County Auditor by November 30, 2014. The purpose of this meeting will be to summarize the results of the preliminary review and to identify the key internal controls or other matters to be tested.

- Progress conference with the Travis County Commissioners Court (or its voted designees) as scheduled by the Commissioners Court.
- Progress conference with the Travis County District Judges (or its voted designees) if requested by the District Judges.
- Progress conference with the County Auditor and key Auditor's Office personnel no later than January 16, 2015. The purpose of this meeting will be to discuss the year-end audit work.

Exit Conference

- Exit conference with the Travis County Commissioners Court (or its voted designees) as scheduled by the Commissioners Court and with the District Judges (or its voted designees) if requested by the District Judges. The purpose of these meetings will be to discuss significant audit findings, deficiencies in internal controls, and other significant issues discussed with management.
- Exit conference with the County Auditor no later than February 13, 2015. The purpose of this meeting will be to summarize the results of the field work and to review significant findings.

Final Report - The County Auditor will prepare draft financial statements, notes and all required supplementary schedules (and statistical data) by January 5, 2015. The Contractor is required to provide all recommendations, revisions and suggestions for improvement for the draft financial statements to the County Auditor by January 30, 2015. A revised report, including a draft auditor's report is required to be delivered to the County Auditor by February 27, 2015. The County Auditor will discuss the report at a posted meeting of Commissioners Court. The Contractor will provide copies of its final audit report, management letter (including County's responses) and other reports, and recommendations to the County Auditor for distribution to the Travis County Commissioners Court and the District Judges.

6.2 SINGLE AUDIT REPORT

Schedule for the 2014 Fiscal Year Audit (a similar schedule will be developed for audits of future fiscal years if Travis County exercises its option for additional audits):

Interim Work - The Contractor is required to complete all interim work by September 30, 2014.

Detailed Audit Plan - The Contractor is required to provide Travis County, by September 30, 2014, both a detailed audit plan and a list of all schedules to be prepared by Travis County. For those schedules to be prepared by the County for interim work, the Contractor is required to provide the list by August 8, 2014.

Field Work - The Contractor is required to complete all fieldwork by February 13, 2015. Final fieldwork can commence no earlier than January 5, 2015.

Draft Reports - The Contractor is required to provide draft of Schedule of Expenditures of Federal and State Awards to the County Auditor by February 20, 2015.

Entrance/Progress/Exit Conferences – These should be part of the conferences stated in Section 6.1.

Final Report - The County Auditor will prepare draft financial statements, notes and all required supplementary schedules by January 5, 2015. The Contractor is required to provide all recommendations, revisions and suggestions for improvement for the draft financial statements to the County Auditor by January 30, 2015.

6.3 JUVENILE BOARD

Interim Work - The Contractor is required to complete all interim work by September 30, 2014.

Detailed Audit Plan - The Contractor is required to provide Travis County, by September 30, 2014, both a detailed audit plan and a list of all schedules to be prepared by the County. For those schedules to be prepared by the County for interim work, the Contractor is required to provide the list by August 8, 2014.

Field Work - The Contractor is required to complete all fieldwork by February 13, 2015. Final fieldwork can commence no earlier than January 5, 2015.

Entrance/Progress/Exit Conferences - Conferences with the Travis County Juvenile Board (or designee) if requested by the Juvenile Board.

Final Report - The report should be delivered to the Juvenile Board by February 20, 2015.

6.4 COMMUNITY SUPERVISION & CORRECTIONS DEPARTMENT (CSCD)

Interim Work - The Contractor is required to complete all interim work by September 30, 2014.

Detailed Audit Plan - The Contractor is required to provide Travis County, by September 30, 2014, both a detailed audit plan and a list of all schedules to be prepared by the County. For those schedules to be prepared by the County for interim work, the Contractor is required to provide the list by August 8, 2014.

Field Work - The Contractor is required to complete all fieldwork by February 13, 2015. Final fieldwork can commence no earlier than January 5, 2015.

Entrance/Progress/Exit Conferences - Conferences with the Travis County Community Supervision and Corrections Department (or its designee) if requested by the Community Supervision and Corrections Department.

Final Report - The report should be delivered to the Community Supervision and Corrections Department by February 27, 2015.

7. ASSISTANCE TO BE PROVIDED TO THE AUDITOR & REPORT PREPARATION

7.1 Auditor's Office and Clerical Assistance

The County Auditor's staff and responsible management personnel will be available during the audit to assist the Contractor by providing information, documentation and explanations. Contractor shall detail its approach to using the staff of the County Auditor's Office, describe the work it expects the County Auditor's Office Revenue & Internal Controls Auditing division to perform, and list workpapers, schedules, and other reasonable preparations that the Contractor will require of the County Auditor's staff for the primary government, CSCD, and Juvenile Probation.

7.2 Work Area, Telephones, Internet, Photocopying and Fax Machines

Travis County will provide the Contractor with reasonable work space, desks and chairs. The Contractor will also be provided with access to telephone lines for local calls, internet, photocopying facilities and Fax machines.

7.3 Report Preparation

Preparation, editing and printing of the Comprehensive Annual Financial Report will be done by the County Auditor's Office. Reproduction of the report will be done by the Travis County Administrative Operations - Printing Section. Printing of the single audit report, CSCD report, and Juvenile Probation report will be done by Contractor. The Contractor must also provide the reports in pdf format.

8. REPRESENTATION FROM MANAGEMENT

At the conclusion of the engagement, the Travis County Commissioners Court and County Auditor will provide to the Contractor with a representation letter that, among other things, will confirm management's responsibility for the preparation of the financial statements in conformity with GAAP; the availability of financial records and related data; disclosure of related-party transactions; disclosure of unrecorded transactions; all material liabilities or loss contingencies have been accrued or disclosed as required by GASB; the completeness and availability of all minutes of the governing body meetings; management's responsibility for the entity's compliance with laws and regulations; the identification and disclosure to the Contractor of all laws and regulations that have a direct and material effect on the determination of financial statement amounts and, to the best of their knowledge and belief, the absence of irregularities involving management or those employees who have significant roles in internal controls. Additionally, representations will be requested as to the financial reporting entity's financial statements to be audited; the inclusion of all component units; the proper classification of funds; the proper approval of reserves or designations of fund balances; compliance with laws and regulations, including budget laws or ordinances; and identification of all federal and state awards, and compliance with all related legal, regulatory, contractual and grant requirements.

Community Supervision and Corrections Department's management, in addition to the above, will provide to the Contractor in their representation letter a confirmation of management's responsibility for the preparation of the financial statements in conformity

with CJAD's accounting standards. The Contractor must comply with the "Independent Audit Guidelines, Compliance Requirements and Standard Reporting Formats" that CJAD publishes for each fiscal year that corresponds to the fiscal year in which an audit is to be competed under the terms of this agreement. These requirements may differ from year to year as determined by CJAD. The Contractor shall provide a draft copy of the audit report to CSCD at least thirty (30) working days before the deadline for submission of the audit report set by the TDCJ-CJAD.

The Juvenile Board's management, in addition to the above, will provide to the Contractor in their representation letter a confirmation of management's responsibility for the preparation of the financial statements in conformity with the Juvenile Justice Department's accounting standards. The Contractor must comply with the "Texas Juvenile Justice Department Audit Requirements" that TJJD publishes for each fiscal year that corresponds to the fiscal year in which an audit is to be competed under the terms of this agreement. These requirements may differ from year to year as determined by TJJD.

ATTACHMENT B

FEE RATES, PAYMENT SCHEDULE AND INVOICING REQUIREMENTS

1.0 FEE RATES AND PAYMENT SCHEDULE

1.1 Expense Reimbursement. For all Contracting Entities and related to all Services, Out-of-pocket expenses for items like long distance telephone, facsimile, photocopies, and supplies are reimbursed at the cost of the expenses or the rates of reimbursement used by the Contracting Entity, whichever is lower.

1.2 Travis County. In consideration of full performance of Annual Audit Services for Travis County, Travis County shall pay Contractor the following total dollar amount for fees and reimburse Contractor in an amount not to exceed the following amount for Expenses for the audit of the fiscal year ending September 30 of that year

Fiscal Year	Fee	Expenses
2014	\$ 190,280	\$ 1,000
2015	\$ 198,660	\$ 1,000
2016	\$ 208,840	\$ 1,100
2017	\$ 218,170	\$ 1,100
2018	\$ 227,520	\$ 1,200

1.3 Major Funds. If there are more than eight Major Funds for any Fiscal Year ending during this Contract, County will notify Contractor and County shall pay an additional fee for each Major Fund in excess of eight. The amount payable for the additional Major Funds must be stated in an amendment to this Contract that is approved by Commissioners Court before work is commenced. The additional fee for each additional Major Fund is the amount shown below for the audit of the Fiscal Year ending that September 30:

Fiscal Year	Additional Fee
2014	\$ 3,025
2015	\$ 3,125
2016	\$ 3,235
2017	\$ 3,350
2018	\$ 3,475

- 1.3 Major Grant Programs. If there are more than twelve Major Grant Programs, Contractor shall identify additional Major Grant Programs for which additional fees are payable. In any fiscal year if County has more than twelve Major Grant Programs, County shall pay an additional fee for each Major Grant Program in excess of twelve. County will notify Contractor if there are more than twelve Major Grant Programs and the amount payable for the additional Major Grant Programs must be stated in an amendment to this Contract that is approved by Commissioners Court. The additional fee for each additional Major Grant Program is the amount shown below for the audit of the fiscal year ending that September 30:

Fiscal Year	Additional Fee
2014	\$ 4,450
2015	\$ 4,600
2016	\$ 4,750
2017	\$ 4,925
2018	\$ 5,075

- 1.5 Reissue—Additional Services. If County requests Contractor to reissue its reports, to consent to their inclusion or incorporation by reference in an offering or other document, Contractor may request an additional fee if Additional Services would need to be performed in connection with the request. Contractor shall not be compensated for the additional work unless the work and total compensation applicable to it is set forth in a written modification of this contract approved by the Commissioners Court and signed by Contractor before additional work is commenced. Any additional work agreed to between County and Contractor is required to be performed at the rates in the schedule of fees in 2.10.
- 1.6 Travis County Juvenile Board. In consideration of full performance of Annual Audit Services for Travis County Juvenile Board, Travis County Juvenile Board shall pay Contractor the following total dollar amount for fees and reimburse Contractor in an amount not to exceed the following amount for Expenses for the audit of the fiscal year ending September 30 of that year.

Fiscal Year	Fee	Expenses
2014	\$ 18,000	\$ 500
2015	\$ 18,710	\$ 500
2016	\$ 19,720	\$ 525
2017	\$ 20,510	\$ 525
2018	\$ 21,360	\$ 550

- 1.7 Travis County Community Supervision and Corrections Department. In consideration of full performance of Annual Audit Services for Travis County Community Supervision and Corrections Department, Travis County Community Supervision and Corrections Department shall pay Contractor the following total dollar amount for fees and reimburse Contractor in an amount not to exceed the following amount for Expenses for the audit of the fiscal year ending September 30 of that year.

Fiscal Year	Fee	Expenses
2014	\$ 25,680	\$ 500
2015	\$ 26,760	\$ 500
2016	\$ 28,140	\$ 525
2017	\$ 29,360	\$ 525
2018	\$ 30,560	\$ 550

- 1.8 Changed Circumstances Requiring Additional Services. Contracting Entities acknowledge that the Contracting Entities' operations may change from time to time. The fees in Attachment B do not include additional review of controls and testing that may result from these changes or contingencies. If Contractor is required to perform additional procedures due to operational changes or these contingencies, either at the request of any Contracting Entity or to fulfill the original scope of the contract, Contractor shall not be compensated for the additional work unless the work and total compensation applicable to it is stated in a written modification of this contract approved by the Commissioners Court or CSCD, or Juvenile Board, whichever is applicable, and signed by Contractor before additional work is commenced. Any additional work agreed to between Contracting Entity and Contractor is required to be performed at the rates in the schedule of fees in Attachment B, section 1.10.

- 1.9 Requested Additional Services. If Contracting Entity requests that Contractor render any Additional Services, Contractor shall not be compensated for the Additional Services unless the work and total compensation applicable to it is set forth in a written modification to this contract approved by the Commissioners Court or CSCD, or Juvenile Board, whichever is applicable and signed by Contractor before additional work is commenced. Any Additional Services agreed to between Contracting Entity and Contractor must be performed at the rates in the schedule of fees in this paragraph. In consideration of full performance of the Additional Services, Contracting Entity shall pay Contractor fees at the

following hourly rates for work done in relation to following fiscal years by staff at the following staffing levels:

Fiscal Year ⇒	2014	2015	2016	2017	2018
⇓ Staffing Level					
Partner	\$300	\$300	\$325	\$325	\$340
Manager	\$185	\$195	\$205	\$215	\$225
Senior Staff	\$140	\$147	\$154	\$162	\$170
Staff	\$110	\$115	\$120	\$126	\$130

2.0 INVOICING AND PAYMENT REQUIREMENTS

2.1 Invoicing Partial Payment for Field Work. For field work, within 30 days after completion, and for issuance of reports, within 30 days after completion and acceptance of all reports for the fiscal year, Contractor shall invoice each Contracting Entity separately for Annual Audit Services at the amount resulting from multiplying the total fee for the applicable fiscal year by the percentage applicable to the level of service completed.

Fiscal Year ⇒	2014	2015	2016	2017	2018
⇓ Contracting Entity					
County	\$190,280	\$ 198,660	\$ 208,840	\$ 218,170	\$ 227,520
CSCD	\$ 25,680	\$ 26,760	\$ 28,140	\$ 29,360	\$ 30,560
Juvenile Board	\$ 18,000	\$ 18,710	\$ 19,720	\$ 20,510	\$ 21,360

<u>Level of Service Completed</u>	<u>Applicable Percentage Rate</u>
Interim Field Work	up to 20% based on audit progress
End of Final Field Work	60% (or up to 80% of contract fee)
Issuance of <u>All</u> Reports due	20%

2.2 Invoicing Major Funds and Programs. For additional Major Funds and additional Major Grant Programs incurred as a result of Annual Audit Services, Contractor shall invoice each Contracting Entity separately as part of the invoices for Annual Audit Services.

2.3 Invoicing Expenses. For reimbursement of any Expenses incurred as a result of Annual Audit Services, Contractor shall invoice each Contracting Entity separately as part of the invoices for Annual Audit Services.

- 2.4 General Contents of Invoice. All invoices shall include at least the following information:
- 2.4.1 Name, address, and telephone number of Contractor and similar information if payment is to be made to a different address,
 - 2.4.2 Contracting Entity Contract Number and Purchase Order Number assigned by the County Purchasing Office,
 - 2.4.3 identification of Expenses or Services,
 - 2.4.4 quantity or portion of fee of each; unit prices, if applicable; total price per item, and total amount of invoice, and
 - 2.4.5 any additional payment information which may be called for by the contract.
- 2.5 Contents of Invoice: Additional Services. In addition, invoices for Additional Services, if payable on an hourly basis, shall include at least the following information:
- 2.5.1 the name and payment category of the person performing the Services,
 - 2.5.2 the number of hours worked,
 - 2.5.3 the applicable hourly rate,
 - 2.5.4 the total for each person and
 - 2.5.5 the total amount due on that invoice.
- 2.6 Contents of Invoice: Expenses. In addition, invoices for reimbursement of expenses shall also include at least the following:
- 2.6.1 A detailed description of the expenses to be reimbursed,
 - 2.6.2 the cost of the expense for each item to be reimbursed,
 - 2.6.3 the total amount of reimbursement due on that invoice.
- 2.7 Contents of Invoice: Expenses re: Additional Services. For reimbursement of any expenses incurred as a result of Additional Services, invoices shall include at least the following in addition to the information in 2.6:
- 2.7.1 the name of the person incurring the expense,
 - 2.7.2 the reason for the expense,
 - 2.7.3 the total for each person and
 - 2.7.4 receipts or supporting documentation for all expenses to be reimbursed if County requests them.

- 2.8 Address for Invoices. Contractor shall submit invoices for Services to the following address:

Travis County Auditor
P.O. Box 1748
Austin, Texas 78767

- 2.9 Copies of Invoices. Contractor shall also provide a copy of the invoice to the Travis County Judge for the County at the following address:

Samuel T. Biscoe, or his successor in office
County Judge
P.O. Box 1748
Austin, Texas 78767-1748

Contractor shall also provide a copy of the invoice to the Director of CSCD for the CSCD audits. Contractor shall also provide a copy of the invoice to the Chairman of the Juvenile Board for the Juvenile audits. All of these officials are at the address in the primary contract document Section 14.

- 2.10 Payment of Invoices. Contracting Entity shall pay accurate invoices upon satisfactory delivery and acceptance of Services and submission of an accurate invoice in compliance with this Attachment.
- 2.11 Late Payment Procedures. Contracting Entity must pay Contractor these amounts, in compliance with the Texas Prompt Payment Act and any accurate invoice that is not paid within thirty (30) days of receipt bears interest in compliance with the Prompt Payment Act. TEX. GOV'T CODE ANN., ch. 2251. Invoices must include all information required in Attachment B section 2.1 through 2.7, as applicable, and be mailed to the address in Attachment B section 2.8. For compliance with the Prompt Payment Act, time does not begin unless or until all invoicing instructions in Attachment B section 2.1 through 2.7, as applicable have been complied with or proper delivery or performance has been made satisfactorily, whichever is later.

ATTACHMENT C

MINIMUM COVERAGE FOR INSURANCE

- 1.0 Minimum Coverage. Contractor shall maintain each type of insurance coverage described in Attachment C with liability limits at least as great as the minimum insurance coverage in this Attachment C and this insurance shall be applicable to both Contractor and any subcontractor performing work related to Services. Minimum insurance coverage may be written as combined single limits or structured using primary and excess or umbrella coverage that follows the form of the primary policy.
- 1.1 Workers' compensation and employers' liability insurance that meets the following minimum requirements:
- 1.1.1 Coverage shall be consistent with statutory benefits outlined in the Texas Workers' Compensation Act.
- 1.1.2 Employers' liability with minimum coverage limits as follows:
- 1.1.2.1 \$500,000 bodily injury each accident,
- 1.1.2.2 \$500,000 bodily injury by disease, and
- 1.1.2.3 \$500,000 aggregate policy limit.
- 1.1.3 These policies shall be subject to the laws of Texas and include the following endorsements in favor of Travis County:
- 1.1.3.1 Waiver of Subrogation (Form 420304), and
- 1.1.3.2 Thirty (30) Day Notice of Cancellation (Form 420601).
- 1.2 Commercial general liability insurance that meets the following minimum requirements:
- 1.2.1 Minimum limits for coverage:
- 1.2.1.1 \$500,000 per occurrence for coverage A for Bodily Injury and Property Damage,
- 1.2.1.2 \$500,000 per occurrence for coverage B Personal Injury and Advertisement, and
- 1.2.1.3 \$1,000,000 aggregate policy limit.

- 1.2.2 The Policy shall be subject to the laws of Texas and include the following endorsements in favor of Travis County:
 - 1.2.2.1 Blanket contractual liability for this Contract,
 - 1.2.2.2 Independent Contractor Coverage,
 - 1.2.2.3 Waiver of Subrogation (Form CG 2404),
 - 1.2.2.4 Thirty (30) Day Notice of Cancellation (Form CG 0205),
and
 - 1.2.2.5 Travis County named as additional insured (Form CG 2010).
- 1.3 Business automobile liability insurance that meets the following minimum requirements:
 - 1.3.1 If Contractor provides any form of transportation for county personnel or clients, minimum limits for coverage for all owned, non-owned, and hired vehicles shall have a combined single limit of \$1,000,000 per occurrence.
 - 1.3.2 The Policy shall be subject to the laws of the State of Texas and include the following endorsements in favor of Travis County:
 - 1.3.2.1 Waiver of Subrogation (Form TE 2046A),
 - 1.3.2.2 Thirty (30) Day Notice of Cancellation (Form TE 0202A),
and
 - 1.3.2.3 Travis County named as additional insured (Form TE 9901B).
 - 1.3.3 Alternative Automobile Insurance Requirement. If Contractor provides no transportation services of any type, and Contractor's use of motor vehicles is strictly limited to travel to and from work or work sites, evidence of Personal Auto Policy coverage with limits of \$100,000 / \$300,000 / \$50,000 may be provided instead of Business Automobile Liability Insurance in sections 1.3.1 and 1.3.2.
 - 1.3.4 Any policy Contractor provides in compliance with section 1.3.3 shall be subject to the laws of Texas and include the following endorsements in favor of Travis County:
 - 1.3.4.1 Waiver of Subrogation (Form CG 2404),
 - 1.3.4.2 Thirty (30) Day Notice of Cancellation (Form CG 0205),
and

1.3.4.3 Travis County named as additional insured (Form CG 2010).

1.4 Professional liability / Errors & Omissions insurance that meets the following minimum requirements:

1.4.1 Minimum limit for coverage for malpractice, negligent acts, errors, or omissions and sexual harassment:

1.4.1.1 \$1,000,000 per claim, and

1.4.1.2 \$3,000,000 aggregate policy limit.

1.4.2 The Policy shall be subject to the laws of Texas and include the following endorsements in favor of Travis County:

1.4.2.1 Waiver of Subrogation (Form CG 2404), and

1.4.2.2 Thirty (30) Day Notice of Cancellation (Form CG 0205).

1.4.2.3 Travis County named as additional insured (Form CG 2010)

1.4.3 If this coverage is written on a claims made basis, the retroactive date must be prior to the earlier of the date this Contract is signed or its effective date and include a three (3) year extended reporting period from the date this Contract ends. The Certificate of Insurance must state whether the coverage is claims made and, if so, contain both the retroactive date of coverage and the extended reporting date.

1.4.4 Any subcontractor who is not covered under Contractor's professional liability insurance shall provide Contractor with current certificates of insurance on the state approved form annually on the renewal date of their insurance policy.

Attachment D

Proposed Audit and Staffing Plan
for Travis County
Atchley & Associates, LLPINDEPENDENCE

We certify that we are independent of each Contracting Entity of the County, who are the subject of this proposal, and all component units and related organizations of those Contracting Entities as defined by governmental accounting and auditing standards.

PROPOSAL**TECHNICAL APPROACH****General Requirements for All Contracting Entities**

The specific experience gained from our five years of serving the County as its external auditor, allows us to use an existing audit work plan for the County. Over that time this work plan has been developed and modified based upon the experience gained working with the various departments and components of the County, knowledge of personnel, its new financial software platform and relevant County policies and procedures. This plan involves the many aspects and organizational/operational layers of the County. As auditors we will continue to tailor our general audit plan to conform to the conditions and circumstances unique to the County, its units, and separate grant reporting requirements and changes in GASB and AICPA professional pronouncements. The blended component units are defined as Northwest Travis County Road District No. 3, Southwest Travis County Road District No. 1, Travis County Bee Cave Road District No. 1, Capital Health Facilities Development Corporation, Travis County Housing Finance Corporation, Travis County Health Facilities Development Corporation, Capital Industrial Development Corporation, Travis County Development Authority, Travis County Cultural Education Facilities Finance Corporation. Our work plan will incorporate all of the elements of Generally Accepted Auditing Standards required of these engagements.

Audit Approach

From our experience as the external auditor for the County and our years of auditing other governmental and non-profit organizations, we have developed an approach that we believe provides the most effective and efficient audits.

Our audit approach involves proper planning, frequent communication and coordination of timing of work with County departments and staff. Further, we believe that efficient audits adhering to this approach provide the highest quality audit with the least disruptions to your normal operations at the most efficient cost to you. Some of the key elements of our audits are as follows:

Audit Programs

We use specialized audit programs tailored for governmental organizations to include all financial, compliance and internal control requirements of Generally Accepted Auditing

Standards (GAAS), Generally Accepted Governmental Auditing Standards (GAGAS) and Office of Management and Budget (OMB) Circular A-133, and further specific audit procedures set out by the TJJJ's *Audit Requirements Circular* and the TDCJ's *Independent Audit Guidelines, Compliance Requirements and Standard Reporting Formats Circular* .

Sampling Procedures

In order to perform our audit more efficiently we use sampling procedures to test areas where there are likely to be numerous transactions. These procedures involve the use of professional sampling software and where applicable specific sample sizing requirements contained within federal and state audit circulars. Our sampling method allows us to translate subjective audit judgments into quantitative terms for the following features:

- * Tolerable error
- * Reliance on internal controls
- * Evidence from analytical review or other related substantive procedures
- * Inherent risk associated with the engagement and the specific items to be sampled

Sampling is used in areas such as detail testing of expenditures, testing compliance with laws and regulations and testing whether various internal controls are functioning as prescribed.

Communication

Finally, even though we will assist the County as necessary in developing the financial statements and regulatory reports, the resulting financial statements and reports are your financial statements and reports. Accordingly, we emphasize communicating our progress and findings with you throughout the audit process. This helps insure that the information presented in the financial statements and reports is as accurate as possible.

Personnel Assigned to your Audit

We will first staff the County's engagements with personnel who have during the previous five years had experience performing the County's audits. Our philosophy is to assign only partners, managers and staff who are experienced with the unique requirements and demands of governmental and non-profit audits. We try to maintain consistency in our staffing from year to year. This enables us, and you, to spend time on the audit rather than in training our staff in governmental accounting and reporting requirements or other unique aspects of your engagement. We do not anticipate major changes in the audit process from year to year. If changes occur, we will adapt as needed and inform the County's personnel of any potential adjustments.

Use of County Personnel

We will attempt to maximize the assistance from your staff while causing as little disruption to your normal operations as possible. We would expect your staff to provide assistance in pulling supporting documents, preparing various work-papers and report schedules. We would provide the County with a list of these items well in advance of our starting our fieldwork. We will

utilize, to the extent permitted by our professional standards, the work performed and reports issued by the internal audit function of the Auditor's Office. We understand the County will prepare and print all copies of the Comprehensive Annual Report (CAFR), while we will be responsible for printing and binding the OMB A-133, CSCD and TJJD reports.

Specific Requirements of the Contracting Entities

Travis County Annual Audit – The tasks needed to be performed in order to express an opinion on the fair presentation of each opinion unit in the County's basic financial statements in conformity with accounting principles generally accepted in the United States of America shall be the responsibility of A&A. The Tasks to be performed are set forth in the Technical Qualifications / Audit Approach section beginning on page 20 of this proposal. We will rely on work performed by the County Auditor's staff and internal audit function to the extent practical and permitted by our standards.

Juvenile Board Audit – The tasks needed to be performed in order to express an opinion on the fair presentation of the balance sheets – regulatory basis and the statements of revenues, expenditures and changes in fund balance – budget and actual – regulatory basis of the Texas Juvenile Justice Department Grant Funds of Travis County, Texas in conformity with a comprehensive basis of accounting consistent with State Law and the provisions of the Texas Juvenile Justice Department's State Aid Agreement will be the responsibility of Atchley & Associates, LLP. This process will incorporate the special considerations, audit requirements, financial statement requirements, and tasks set out in the *Texas Juvenile Justices Department's Audit Requirements Circular* (anticipated to be issued on or about September 30, 2014 for the fiscal year ending August 31, 2014) and any auditing requirements contained in the most current edition of the Texas Juvenile Justice Department's *Compliance Resource Manual*. Further, this process shall incorporate task and procedure elements of the Audit Approach, Audit Programs, Sampling, and Communications previously presented, and processes detailed in the Technical Qualifications / Audit Approach section beginning on page 20, and which tasks and procedures would be modified or expanded as necessary for circumstances and activities associated with administration of this program and its grants.

Community Supervision and Corrections Department Audit (CSCD) – The tasks needed to be performed in order to express an opinion on the fair presentation of the CSCD's combined statement of financial position – regulatory basis and related combining statements of revenues, expenditures and changes in fund balances - regulatory basis of the supervision, diversion, community corrections and TAIP programs in conformity with standards established by the Texas Department of Criminal Justice as set forth its "*Financial Management Manual for CJAD Funding*" shall be the responsibility of Atchley & Associates, LLP. This process will incorporate the general audit objectives, requirements, reports and tasks set out in the Texas Department of Criminal Justice's *Independent Audit Guidelines, Compliance Requirements and Standard Reporting Formats Circular* (anticipated to be issued on or about August 15, 2014 for the fiscal year ending August 31, 2014). Further, this process shall incorporate task and procedure elements of the Audit Approach, Audit Programs, Sampling, and Communications previously presented, and processes detailed in the Technical Qualifications / Audit Approach section beginning on page 20, and which tasks and procedures would be modified or expanded as necessary for circumstances and activities associated with administration of this program and its

grants.

Travis County Corporations Annual Audit - the tasks needed to be performed in order to include the Corporations as blended component units in the County's financial statements shall be the responsibility of Atchley & Associates, LLP. This process shall incorporate task and procedure elements of the Audit Approach, Audit Programs, Sampling, and Communications previously presented, and processes detailed in the Technical Qualifications / Audit Approach section beginning on page 20, and which tasks and procedures would be modified or expanded as necessary for circumstances, organizational structure, activities and borrowings of each Corporation included in this proposal. We will not issue a separate opinion on the Corporations either individually or on a combined basis, or issue separate financial statements either individually or on a combined basis.

STAFFING / KEY PERSONNEL

Audit Team

We feel that the successful performance of an engagement is directly related to the personnel assigned to it. As with all of our engagements, we have selected a seasoned, professional team with skills, which are directly related to the County's requirements. Each of the selected members has extensive governmental and non-profit experience and will be available for your September 30, 2014 audit. The key members of your client service team and their responsibilities include the following:

Engagement Partner

The partner assigned to your engagement will be Dan Shaner, CPA. He will be the primary client contact and will be responsible for:

- Overall planning and coordination of all professional services rendered to you as a client.
- Final approval of overall scope of the examination, audit objectives of the current period and areas of special attention.
- Final review of all reports and work papers related to specific, critical or key areas.
- On-going communications with the County throughout the year.

Senior Engagement Manager

The senior manager assigned to your engagement will be Frank Stover, CPA/CFF/CGMA, CFE. He will be responsible for:

- Preparing the detailed engagement plan and budget.
- Determining the overall scope of examination, audit objectives of the current period and areas requiring special attention.
- Coordinating the work of the audit staff.

- Providing direct and frequent communication regarding the progress of the engagement during the course of the examination.
- Direct participation in the execution of the audit.
- Mr. Stover will be available to the Contracting Entities on a full-time basis during the performance of the audit.

Engagement Manager

The manager assigned to your engagement will be Robert Marchbanks, CPA. He will be responsible for:

- Preparing the engagement plan for audit of the County's federal grant funds and the TJJD and TDCJ state grant funds.
- Determining the overall scope of examination, audit objectives of the current period and areas requiring special attention regarding those funds.
- Coordinating the work of the assigned audit staff.
- Providing direct and frequent communication regarding the progress of this phase of the engagement during the course of the examination.
- Direct participation in the execution of the audit.

Engagement Supervisor

The supervisor assigned to your engagement will be Todd Sanders, CPA/CGMA. He will be responsible for:

- Day to day conduct and supervision of the non grant funds portion of the audit.
- Ensuring that the audit objectives are carried out in an effective and efficient manner.
- Ensuring that our procedures will support our opinion on the County's financial statements.
- Coordinating the work of the assigned audit staff.
- Providing direct and frequent communication regarding the progress of this phase of the engagement during the course of the examination.
- Direct participation in the execution of the audit.

Other Staff

In addition to the foregoing personnel, we would use such other staff members as necessary to perform the assignment on a timely basis. All of our staff members are college graduates and most are Certified Public Accountants. We have sufficient staff to perform this engagement within the time frame stated in this proposal. In the event of an unexpected personnel change on the audit team, we would inform you immediately and make any necessary changes to ensure the competency and continuance of the audit.

QUALIFICATION FOR OFFERORS

Licensing

Atchley & Associates, LLP is licensed by the Texas State Board of Public Accountancy as a practice unit to practice public accountancy in Texas. Our identification number is P05562. We are in compliance with State regulations governing the practice of Public Accountancy.

Audit Team and Qualifications

As stated above, we have a qualified audit team to perform the County's audit. Below you will find each key team member's qualifications:

- Dan Shaner, CPA/Partner - Dan graduated with a Bachelor of Science in Accounting from the University of Illinois, and from Indiana University with a Masters in Business Administration. He is a member of the American Institute of Certified Public Accountants (AICPA), the Texas Society of CPAs, and the Austin Chapter of the TSCPAs.

Dan is one of the founding partners of Atchley & Associates, LLP. Prior to joining Atchley & Associates, LLP, his experience included positions at KPMG Peat Marwick, Grant Thornton, and Faske Lay & Co. Dan has worked with governmental, non-profit, and other entities since 1972, he is a member of the Government Finance Officers Association (GFOA), the American Institute of Certified Public Accountants (AICPA), the Texas Society of Certified Public Accountants (TSCPA) and the Austin Chapter of the TSCPA. Dan has been a member of the A&A Travis County audit team for five years.

- Frank Stover, CPA/CFF/CGMA, CFE, Manager - Frank is a graduate of Michigan State University and has had over 40 years experience in both the public and private sectors. His public accounting experience includes serving a wide range of clients in audit, tax and general accounting services. Frank has extensive experience with businesses, non-profit organizations, governmental entities and other engagements. Frank is a member of the Texas Society of Certified Public Accountants (TSCPA), the Austin Chapter of the Texas Society, the American Institute of Certified Public Accountants (AICPA) and the Association of Certified Fraud Examiners (ACFE). He has previously served on the Board of Directors and the Executive Committee of the Dallas Red Cross. He has also served on the Texas Society of CPAs' Members in Industry and Government Committee and on the Dallas Chapter of the TSCPAs' Continuing Professional Education Committee. Frank has been a member of the A&A Travis County audit team for five years.
- Robert Marchbanks, CPA – Robert earned his B.B.A in Accounting from the University of Memphis. Prior to joining our firm, Robert was with Joseph Decosimo & Company, LLP and Reynolds, Bone & Griesbeck, PLC. He has over 24 years of accounting experience. His public accounting experience includes audits of for-profit, not-for-profit and governmental entities. He is a member of the American Institute of Certified Public Accountants (AICPA), the Texas Society of Certified Public Accountants (TSCPA), and the Austin Chapter of the TSCPA. Robert brings valuable experience to all of the engagements he works on. Robert has been a member of the A&A Travis County audit team for two years.
- Todd Sanders, CPA/CGMA – Todd is a graduate of The University of Texas at Austin and has over ten years of experience in the public and private sector, including audits of governmental entities. He is a member of the American Institute of Certified Public Accountants (AICPA) and the Texas Society of Certified Public Accountants (TSCPA), including the Austin Chapter. Todd has been a member of the A&A Travis County audit team for five years.

Also, Mr. Dan Shaner has experience with Municipal Utility District and Texas Independent School District audits. Mr. Shaner has handled utility audits and school district audits for several entities for over three to five years per entity. In addition, Mr. Shaner, Mr. Stover, Mr. Marchbanks and Mr. Sanders have served in similar capacities on audits of many other governmental or nonprofit organizations. Many of those audits have been performed in accordance with OMB Circular A-133.

Their resumes are included in the appendix "Profiles of Partners and Associates."

Educational Background and Continuing Professional Education

All staff members are degreed accountants; most senior staff and above are also CPAs. All professional personnel are required to participate in at least 20 hours of continuing professional education every year aggregating to at least 120 hours in the three most recent educational years. Individuals responsible for planning, directing, reporting or working on government audits

receive at least 24 hours every year of continuing education in subjects directly relating to the government environment and government auditing. In addition, most of the CPAs at our firm not only meet the requirements for obtaining continuing professional education, they exceed the minimum educational requirements issued by the State of Texas.

Topics of continuing education training sessions attended in the last two years include the following:

- Governmental Accounting and Auditing Updates, including OMB A-133
- Texas School District Accounting and Auditing Updates
- Nonprofit Accounting and Auditing Updates
- Financial Institution Accounting and Auditing
- Risk Assessment Standards
- Other accounting, tax, computer software, etc.

We are in compliance with Texas State Board of Public Accountancy and AICPA continuing education requirements.

Other Partners and Managers

The other partners at Atchley & Associates, LLP are Karen Atchley, Harold Ingersoll, Ronny Armstrong and Renae Duncan. All of the partners have served clients in the Austin area for many years. Although not specifically assigned to the County's engagement, all partners are available to assist with any technical issue that may arise.

We would use other staff as necessary to complete the audit in a timely and efficient manner. We are proud of all of our team members because each one brings specific strengths that benefit the entire organization. We do not anticipate the need for any outside consultants or specialists to assist our staff with this engagement.

As a further enhancement to our review and documentation of the County's control environment of the County's prior and current (SAP) financial reporting and management information systems and hardware, we have previously engaged the partner of a McGladrey affiliate who is an expert on such matters. We have provided this report to the County Auditor, at no additional cost, for distribution to the appropriate departments. We would continue to do so if selected to continue as the County's external auditor.

Experience Auditing Integrated Financial Systems

Atchley & Associates, LLP has experience auditing governmental and non profit clients that use a variety of integrated accounting software platforms from the County's newly installed SAP system, to MIP, Incode and some other lesser known software products.

As auditors we believe that integrated systems reduce the risk of human errors (i.e., transposition, re-input errors, etc.) associated with the used of the same information by different accounting and financial departments since the information needs to be input or imported into the

system only once. The primary risks from the auditors' perspective are inadequate controls and management ability to override controls. Consequently, based upon a review and analysis of the system and operating controls, we would assess the level of audit risk which could be placed on the system. We would also evaluate the areas where errors/risks would most likely occur and then we would design audit procedures and tests to provide us with assurance to a reasonable degree of certainty that the controls are in place and operating as designed. Should we find they are not, we would adapt our audit procedures to appropriately compensate for the lack of controls. We would also report the findings to the appropriate level of management and make note of them in our end of engagement communication to those charged with governance.

Experience Based on Population of Political Subdivisions

Atchley & Associates, LLP's track record as the external auditor for the County for the previous five years, as well as the other governmental and non profit entities listed in the Experience References and Prior Engagement sections of this proposal, shows our knowledge of, ability to perform, and ability to provide value to Travis County and the related entities in the referenced political population subdivision.

Our firm has knowledge and understanding of the various basis of accounting used by governmental entities (GAAP, OCBOA and regulatory). The different bases of accounting are appropriate for use by governmental entities, agencies and departments depending upon their management and reporting requirements. A documented example of our understanding would be Travis County itself, during our first engagement in 2009 through our 2012 engagement, the County used a statutory basis of accounting authorized by state law allowing for accounting and reporting on a basis which did not reflect the accrual of potential future other post employment benefits (OPEB). This basis of accounting required us to understand the difference, design appropriate audit procedures and to issue a dual opinion report on the County's financial statements. Other entities, such as the County's CSCD and State Juvenile Grant Funds audits require understanding of grant basis accounting, to design appropriate procedures, and to issue audit reports based on regulatory reporting requirements of those state granting agencies, we refer the reader to those reports as documentation of our understanding.

We continually strive to remain current with changes in accounting and reporting standards which affect the County, such as recent changes in financial statement presentation terminologies, i.e., replacing "net assets" with "financial position". Further changes that will affect the upcoming September 30, 2014 statements, concerning the concepts of Deferred Inflows and Deferred Outflows and Defined Benefit reporting requirements.

Our prior audits of the County and our reports issued for the other entities included in the references section of this proposal document our professional understanding of such areas as arbitrage (for governmental entities the earning of interest on public bond funds in excess of the interest paid on them), pension benefit reporting (an area of recent GASB activity), and other Post Employment Benefits (OPEB) (this area changed for the County with their 2013 CAFR where an actuarial determination of estimated future OPEB liability was made. A reserve for this liability was recognized and recorded in its September 30, 2013 financial records.) Other areas which also affect the County's audit and other similar entities are debt defeasance and

possible resultant gain/loss, defeasance has not been uncommon for Travis County. Because the County has maintained a strong fiscal position it has in recent years been able to offer new bonds at interest rates less than older bonds, this reissuance of debt has allowed the County the ability to defease (use new borrowed money to provide funds to the bond escrow agent to hold and pay off the prior outstanding debt as required). Conduit Debt requires an understanding and reporting in the footnotes to the County's CAFR. Conduit debt affects the County through its Travis County Corporations.

The AICPA Peer Review program in which Atchley & Associates, LLP participates further evidences, by the attached peer review reports in the Appendices section of this proposal, our level of competency and that we understand and appropriately apply accounting and auditing principles in the areas discussed above. The peer reviews covered by these attached reports included a peer review of our Travis County engagements. Further, we refer the reader to the County's published CAFRs for the past five years.

Understanding of State and Local Government Statutes

We understand that a knowledge of state and local government statutes are a necessity of our profession and this area of audit practice. Our professional staff regularly attend continuing professional seminars during the year which keep us current on legal and statutory matters affecting the practice of governmental accounting and auditing, also, the proprietary auditing software and its procedures and programs incorporate steps to ensure that these areas are considered and evaluated during the course of our examination. The experience of our professionals and the A&A Travis County Audit Team provides a depth of historical knowledge in this area regarding these engagements.

Understanding of Internal Controls to Safeguard County Assets

Internal controls represent policies and procedures, including physical facilities and equipment, meant to reduce the risk to the County of loss or defalcation of assets. Each year as part of our audit programs and procedures there are steps to evaluate the effectiveness, whether the controls are actually being used, and to test the County's controls. With the recent installation of the integrated financial system (SAP) the County has redesigned and developed new controls to replace those which had been necessary in the past with the prior combination of several different software platforms. However, certain other systems still, remain in place (such as the different Constable's offices, Treasurer's Office, Travis County Courts administration) and must be evaluated and tested differently than those which are applied to the County's payroll system as an example. The documentation of, evaluation, and testing of internal controls is a required part of an audit conducted in accordance with professional auditing standards.

This is an important phase of our audit. The objective is to help us determine appropriate audit procedures. However, it is also an area where weaknesses or lack of controls could have a significant effect on County operations.

Peer Review and Quality Control

Atchley & Associates, LLP takes part in the American Institute of Certified Public Accountants' Peer Review Program that is administered by the Texas Society of Certified Public Accountants. Under this program, every three years we are audited by another CPA firm, which reviews the quality of our procedures and performance. Our most recent quality control review was for the period ended April 30, 2013. The report was dated July 30, 2013, and stated in part, "In our opinion, the system of quality control for the accounting and auditing practice of Atchley & Associates, LLP in effect for the year ended April 30, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects." We are very proud of this report and make great efforts to continue to provide the highest quality audits to our clients. A copy of the 2013 and our 2010 reports are located in the Appendices section of this proposal.

During years not peer reviewed by an external CPA firm we conduct an internal audit peer review using AICPA Peer Review Board's processes, procedures and documentation.

AUDIT WORK PLAN

Audit Methodology

Atchley & Associates, LLP will use the Knowledge-Based Audit (KBA) methodology which is designed to help us efficiently and effectively perform financial statement audits of *state and local governments*, in accordance with auditing standards generally accepted in the United States of America (GAAS), and, when applicable, generally accepted *Government Auditing Standards (GAGAS)*.

Our audits of the County have been and will continue to be performed in accordance with the following standards and requirements.

- Generally Accepted Auditing Standards (GAAS);
- *Government Auditing Standards* (GAGAS);
- The Single Audit Act of 1996, as amended, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*;
- TJJJ's *Audit Requirements Circular*; and
- TDCJ's *Independent Audit Guidelines, Compliance Requirements and Standard Reporting Formats Circular*.

Opinion Units

GASB requires us to render opinions on more than a single set of financial statements. Our opinion will include an opinion for each opinion unit, including the governmental activities, the

discretely presented component units, each major governmental fund, and the aggregate remaining fund information. Audit materiality will be based on materiality for each opinion unit independent of any other opinion unit.

Major Funds

Our audit will also consider whether the County has properly segregated its activities into separate funds as required by laws, regulations, contracts and grant agreements and properly reported these funds by fund-type classification. We will evaluate the County's determination of major funds and ensure they are reported in a separate column within the fund financial statements.

Compliance Requirements

We will apply audit procedures to identify the applicable direct and material effect laws and regulations, contracts, and grant agreement provisions, and apply tests of compliance over such requirements to provide reasonable assurance the financial statements are free of material misstatement resulting from noncompliance.

Accounting and Reporting Alternatives

The accounting standards of the GASB permit state and local governments to select from a number of accounting and financial reporting alternatives. These alternatives include such matters as: budgetary comparison information presentations; financial statement presentations and level of detail in both government-wide and fund financial statements; identification of major funds; and infrastructure reporting and depreciation. Atchley & Associates, LLP will evaluate the appropriateness of the County's selection of the available alternatives.

Knowledge Based Auditing

The Knowledge-Based Audit is a risk-based audit methodology that emphasizes using knowledge of the entity to make the risk assessments in connection with a financial statement audit. All audits are risk based to some extent because an auditor does not test 100% of the transactions of an entity. The more accurately an auditor assesses an entity's risks of material misstatement, the more assurance the auditor has that the procedures performed in response to the risk assessments will detect material misstatements. Therefore, the primary drivers of the KBA approach are:

1. Obtaining an understanding of the entity and its environment, including its internal control, sufficient to accurately assess the risks of material misstatement.
2. Designing and performing audit procedures that are responsive to the risks of material misstatement.

For this methodology to be effective, information—or knowledge—must flow through the audit process. The KBA approach is designed to facilitate this flow of information.

We will also use proprietary auditing software developed and provided by McGladrey & Pullen to assist us in gathering the relevant information regarding systems, procedures and contracts in use by the County, to assess risks related to all relevant assertions, to highlight risks of material misstatements and to develop the appropriate audit procedures.

This methodology is presented as eight processes, as follows:

1. Pre-Engagement Procedures;
2. Risk Assessment Procedures: Obtaining an Understanding of the Entity and Its Environment;
3. Risk Assessment Procedures: Evaluating the Design of Internal Controls;
4. Assessing the Risks of Material Misstatement;
5. Designing Audit Procedures in Response to Assessed Risks;
6. Performing Audit Procedures: Tests of the Operating Effectiveness of Internal Controls;
7. Performing Audit Procedures: Substantive Tests; and
8. Evaluating, Concluding, and Reporting Procedures.

The understanding obtained in each process affects the decisions made in the next. Although we will likely perform most steps in the methodology sequentially, an audit is not necessarily a linear process. We may need to reconsider decisions made in an earlier process based on evidence obtained in a later stage of the audit.

In general, knowledge we gain regarding the County should flow through the above eight processes and affect the audit as follows:

1. Knowledge gained from pre-engagement procedures, the determination of materiality, and preliminary analytical procedures is used to customize the audit plan for risk assessment procedures.
2. Knowledge gained from risk assessment and other procedures is used to identify and assess the risks of material misstatement.
3. Knowledge gained from risk assessment procedures and the risks of material misstatement is used to customize the audit plan for further audit procedures.
4. Evidence gained from further audit procedures is evaluated to determine whether audit risk has been reduced to an acceptably low level, and the appropriate auditor's report is issued.

Audit planning in the KBA methodology is not a single, isolated event but instead involves different processes. For example, we need to plan (1) pre-engagement procedures, (2) risk assessment procedures, and (3) further audit procedures. Atchley & Associates will also plan certain logistical and project management procedures. We may be able to plan a substantial portion of each of these processes in one general audit planning meeting but will more likely need two or more planning sessions to ensure that the knowledge gained in one stage of the audit is adequately addressed in later stages. Judgment will be used in determining how and when to plan the different audit processes. We will also ensure that the planning process takes into account the knowledge gained from risk assessment procedures in the design of further audit procedures. We will also keep in mind that evidence gained from performing risk assessment

procedures may address relevant assertions and reduce the extent of other audit procedures.

Atchley & Associates believes that in applying the KBA methodology we will:

- Encourage and facilitate communication among audit team members and County personnel.
- Link the understanding gained in one area to the procedures performed in another.
- Focus on changes from the prior year in determining which information is important when performing risk assessment procedures.
- Customize the audit plan for risk assessment and further audit procedures for each component unit part of this engagement.

Travis County Activity Plan

The audit activity for the County is divided into four significant phases: Planning and Review, Testing Sample Transactions, Account Balances Testing, and Report and Exit Interviews. Each of these phases are discussed briefly below.

Planning and Review

The planning phase is a key element in our audit approach. During this phase, our efforts are concentrated on updating our prior year workpapers by reviewing and documenting your accounting system and internal control structure and tailoring the detailed audit plan, in accordance with GAAS and GAGAS. These standards require the auditors to fully document our understanding of your controls, document our assessment of the risks of material misstatement, and tailor the audit program based on our understanding and assessment. This is usually done early in the audit, during our September interim fieldwork phase of the engagement.

Testing Sample Transactions

Based on the results of our review of the accounting system and controls, we will select a number of sample transactions to test internal controls, to test compliance with Federal and State grant provisions and to test for financial statement propriety. Statistical sampling techniques would be utilized for a major portion of this task. At the conclusion of this task we would make any necessary revisions to our detailed audit plan as a result of our findings in these tests of transactions.

Account Balances Testing

This phase would be primarily directed at testing account balances as of September 30, and would include confirmation of selected accounts, account reconciliations, and analyses, this work.

Communication

Finally, even though we will assist you as necessary in developing the financial statements and regulatory reports, the resulting financial statements and reports are your financial statements and reports. Accordingly, we emphasize communicating our progress and findings with you throughout the audit process. This helps insure that the information presented in the financial statements and reports are as accurate as possible.

Reports and Exit Interviews

Upon completion of the fieldwork, we would review the draft of the County's Comprehensive Annual Financial Report and prepare our opinion on the fairness of the financial statements, TJJD and TDCJ regulatory reports, our reports on compliance with the various funding agency requirements and our reports on the internal control structure (OMB A-133). During this period we would also conduct our exit interviews, which would include discussions of draft copies of our reports with representatives of the County. This will also include reviewing drafts of the separate reports on TJJD and TDCJ audits. The County will be responsible for drafting and processing the Comprehensive Annual Financial Report and for its distribution.

Information Sources

Atchley & Associates, LLP will make use of our prior period audit workpapers, the Contracting Entity's original materials, such as approved budgets, organizational charts, manuals and programs, financial and other related materials and management information systems as well as state agency/department information and publicly available information from other sources necessary for us to perform the audit.

Audit Approach

Engagement Segmentation

The audit will be segmented into naturally occurring component units required for the efficient performance of procedures and assessment of risks.

Segment : Staff / hours

The staff dedicated to this engagement will be available to work on all segment of the engagement, staff hours are set out by entity in the Fee Schedule attachment.

Sample sizes

Sample sizes will be driven by materiality and risk factors determined on a component unit basis.

EDP software usage

Atchley & Associates, LLP will use paperless auditing software to perform this engagement as well as using information that can be exported in electronic format from the County's integrated financial and management information systems.

Analytical process

Analytical techniques will be used as part of our audit process. This will include historical vertical and horizontal analysis as well as comparison to other public information of similarly situated component units and entities.

Internal control documentation process

Internal control documentation will be based upon information provided from Contracting Entity personnel through management information systems, interviews, observations, and “walkthroughs” of real time transactions.

Determination of relevant laws and regulations

Applicable laws and regulations regarding this engagement will be determined by interviews of Contracting Entity personnel, inquiry of prior auditors, research of public records and databases.

Compliance sampling approach

Compliance sampling will be based upon our assessment of the direct effect of laws and regulations, contracts, and grant agreement provisions where noncompliance would cause a material misstatement. Compliance sampling will not necessarily be driven by materiality at a component unit level.

Sample formats of required reports

Report and letter formats for the County, CSCD and the Juvenile Board are expected to conform to our prior year issuances modified for any current year changes in professional standards (deferred inflows and outflows, etc.) or as modified by any changes set out in TJJD and TCJD annual guidance.

Compliance with Texas Department of Criminal Justice – Community Justice Assistance Division “Financial Management Manual for CJAD Funding” and “Independent Audit Guidelines, Compliance Requirements and Standard Reporting Formats” – Approach to determining compliance

We will obtain the most current edition of this document and will follow the guidance and requirements set out therein to design and perform procedures and tests to ensure audit compliance.

Compliance with provisions of the Texas Department of Juvenile Justice’s Aid Agreement

We will obtain the most current edition of this document and will follow the guidance and requirements set out therein to design and perform procedures and tests to ensure audit compliance.

Travis County Work Plan

Proposed work plan for Travis County audit:

	<u>Interim</u>	<u>Final</u>	<u>Estimated Hours</u>
Engagement Management	S/M/P	S/M/P	105
Perform Audit Planning	S/M/P		45
• Prepare permanent files	S/St	S/St	12
• Read minutes	M/S/St	M/S/St	18
• County personnel participation	P/M/S		12
• Evaluate and test internal accounting controls, including EDP systems	M/S/St	S/St	110
• Discuss format and preparation of financial reports, and review			

potential audit and reporting problems with management	P/M/S	P/M/S	12
Perform substantive testing:			
• Revenues and expenditures		S/St	120
• Cash and investments		S/St	70
• Taxes receivable and other receivables		S/St	35
• Other assets		S/St	42
• Capital assets	S/St	S/St	75
• Accounts payable and accrued liabilities		S/St	55
• Long-term debt, leases and interest	S/St	S/St	85
• Other liabilities and deferred revenue		S/St	55
• Single Audit testing	S/St	S/St	230
• Fund balances and net assets		S/St	28
Supervise staff and review workpapers	P/M/S	P/M/S	85
Review draft of CAFR, tie to workpapers		M/S/St	55
Prepare management letter, SAS 112 letter, and Single Audit report		P/M/S	28
Review drafts of CAFR and other reports with management		P/M/S	28
Issue reports		P/M	<u>20</u>
TOTAL HOURS FOR AUDIT			<u><u>1,325</u></u>

(P = Partner, M = Manager, S = Supervisor/Senior, St = Staff Accountant)

Proposed work plan for Community Supervision and Corrections Department:

	<u>Interim</u>	<u>Final</u>	<u>Estimated Hours</u>
Arrange meeting with CSCD to discuss timing and management concerns	S/M/P	S/M/P	6
Perform Audit Planning	S/M/P		12
Evaluate and test internal accounting controls, including EDP systems	M/S/St	S/St	12
Discuss format and preparation of financial reports, and review potential audit and reporting problems with management	P/M/S	P/M/S	6
Perform tests of detail	S/St	S/St	106
Supervise staff and review workpapers	P/M/S	P/M/S	10
Review drafts of financial statements		P/M/S	10
Prepare management comments and findings		P/M/S	6
Review drafts of financial statements with CSCD		P/M/S	6
Issue reports		P/M	<u>10</u>
TOTAL HOURS FOR AUDIT			<u><u>184</u></u>

(P = Partner, M = Manager, S = Supervisor/Senior, St = Staff Accountant)

Proposed work plan for Juvenile Board audit:

	<u>Interim</u>	<u>Final</u>	<u>Estimated Hours</u>
Arrange meeting with Board to discuss timing and management concerns	S/M/P	S/M/P	4
Perform Audit Planning	S/M/P		10
Evaluate and test internal accounting controls, including EDP systems	M/S/St	S/St	12
Discuss format and preparation of financial reports, and review potential audit and reporting problems with management	P/M/S	P/M/S	4
Perform tests of detail	S/St	S/St	60
Supervise staff and review workpapers	P/M/S	P/M/S	10
Review drafts of financial statements		P/M/S	8
Prepare management comments and findings		P/M/S	4
Review drafts of financial statements with CSCD		P/M/S	4
Issue reports		P/M	<u>4</u>
TOTAL HOURS FOR AUDIT			<u><u>120</u></u>

(P = Partner, M = Manager, S = Supervisor/Senior, St = Staff Accountant)

IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

Anticipated Potential Audit Problems

We do not anticipate any audit problems regarding the proposed Travis County engagement.

If a problem were encountered we believe in a proactive approach wherein we would as soon as possible notify the appropriate County personnel and schedule a meeting to discuss the issue and thereby arrive at a mutually agreeable process to resolve the immediate problem and to move the audit forward. We can also draw on the resources of McGladrey & Pullen and their affiliated firms, if necessary. However, the final resolution will be made by Atchley & Associates, LLP in conjunction with County personnel.

INDEPENDENCE

Independence

We certify that we are independent of each Contracting Entity, who are the subject of this proposal, and all component units and related organizations of the Contracting Entity as defined by governmental accounting and auditing standards.

We will remain independent with respect to each Contracting Entity, its officers, and key employees in the Contracting Entity financial operations, as defined by the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

We are independent with respect to all of the component units and related organizations of the Contracting Entity as defined by the same standards.

Other than the services and entities which are the subject of this RFQ, there are not now nor for the previous five (5) years have there been any professional relationships involving the Contracting Entity or any of its subdivisions or component units.

We affirm that we will give the Contracting Entity written notice of any professional relationship which might be entered into during the period of this agreement with any of its subdivisions or component units.

LICENSE TO PRACTICE IN TEXAS

License to Practice in Texas

Firm:

Atchley & Associates, LLP is licensed by the Texas State Board of Public Accountancy as a practice unit to practice public accountancy in Texas. Our identification number is P05562. Atchley & Associates, LLP is in good standing with the Board.

Key Personnel:

Dan A. Shaner, Franklin H. Stover, Robert Marchbanks, and Todd Sanders are licensed to practice as public accountants by the Texas State Board of Public Accountancy, all licenses are current and they are in good standing.

CORPORATE EXPERIENCE

Size of the Firm:

We have addressed the overall size and composition of Atchley & Associates, LLP in the "Introduction" section of this proposal.

Location of Firm:

The location of the office which will provide the requested services is 6850 Austin Center Blvd., Suite 180, Austin, Texas 78731. Atchley and Associates, LLP has maintained this office since our founding in 1999. This is our only office.

Engagement Staffing:

There will be a minimum of eight (8) full time personnel assigned to perform the services set out in this proposal. There will be two (2) partners involved (one will perform a second partner

review of the final product), two (2) managers, one (1) supervisor, one (1) senior, and three (3) staff accountants.

Joint Venture / Consortium:

Atchley & Associates, LLP is not a joint venture or consortium, and will not create or join any such entity to complete any portion of the services requested by this RFQ.

External Quality Control Review:

Our two most recent external quality control review reports are included in the appendices to this proposal. Those peer reviews included our Travis County engagements as one of the specific governmental engagements reviewed. We received the highest level of peer review report possible.

Federal / State Reviews:

Atchley & Associates, LLP has not had any federal or state desk or field reviews of its audits in the past three (3) years. The firm has never been subject to any disciplinary actions by federal regulatory bodies, state regulatory bodies or professional organizations.

Race / Gender Description of Ownership and Staffing:

<u>Partners:</u>	<u>Male</u>	<u>Female</u>
Caucasian	3	2
<u>Staff:</u>		
Caucasian	15	25
Black	0	1
Hispanic	0	3
Asian	<u>1</u>	<u>1</u>
Total	<u>19</u>	<u>32</u>

Regarding this proposal and the request for race/gender descriptions, Atchley & Associates, LLP does not contemplate that services will be provided by other firms.

SUBCONTRACTING

Atchley & Associates, LLP does not intend to use subcontractors to perform any part of the services addressed in this proposal.

OMISSIONS

If selected to continue as the external auditor for the Contracting Entities, Atchley & Associates, LLP acknowledges our responsibility requisite to the complete delivery, operation and support of any and all services contained in the RFQ.

Attachment E
Description of
Travis County Government

1. FUND STRUCTURE as of September 30, 2013

<u>Fund Type</u>	<u>Number of Individual Funds</u>	<u>Annual Budgets Adopted per law</u>
Major Funds		
General Fund	1	1
Operating Grants Fund	1	
General Purpose Debt Service Funds	1	1
Capital Permanent Improvement Bonds	1	
Capital Certificates of Obligation	1	
Capital Road & State Highway Bonds and Certificates of Obligation	1	
Capital Grants	1	
Non-Major Funds		
Special Revenue Funds	49	38
Blended Component Units With Activity (total 6)	6	
Debt Service Funds	2	
Capital Projects Funds	3	2
Permanent Funds	1	
Other Reported Funds		
Internal Service Funds	2	2
Fiduciary/Agency Funds	16	

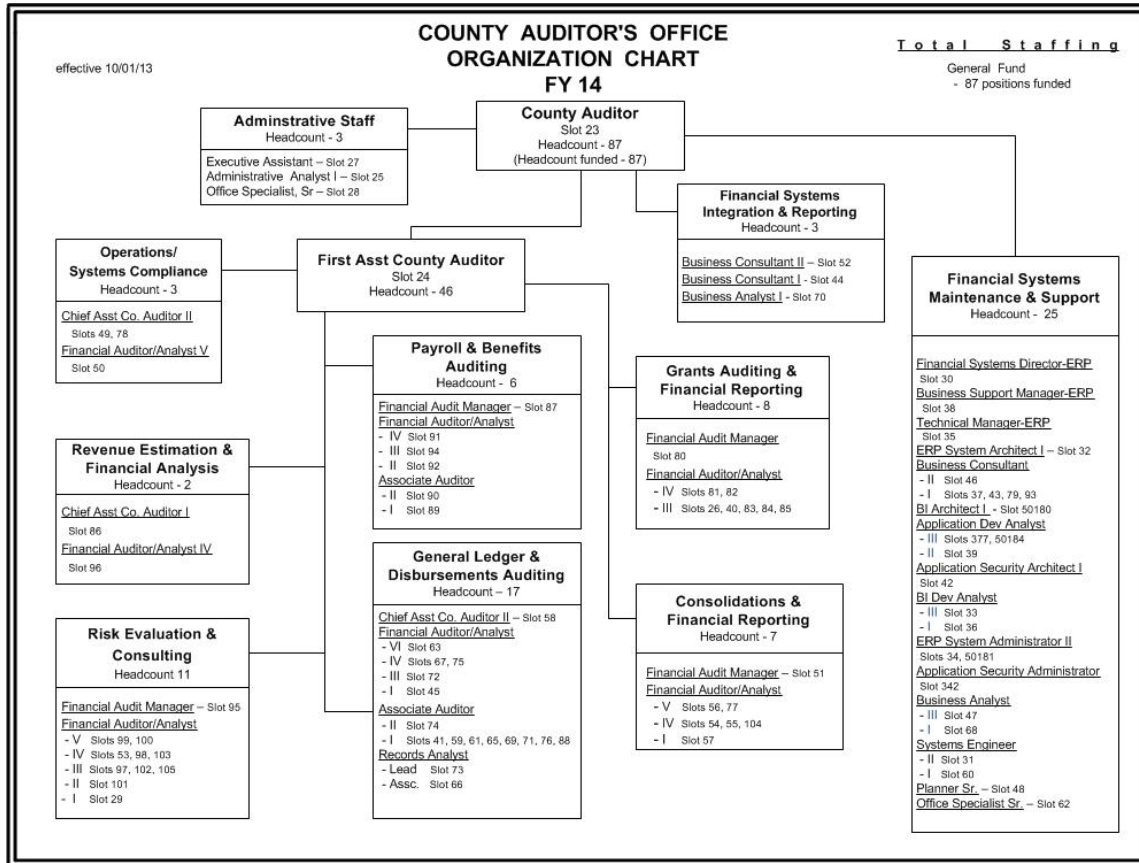
2. BUDGETARY BASIS OF ACCOUNTING

Travis County prepares its budgets on a basis consistent with GAAP. Travis County maintains budgetary controls to ensure compliance with legal provisions in the annual appropriated budget approved by the Commissioners Court. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is set by state statute.

State law provides that the Commissioners Court “may amend the budget to transfer an amount budgeted for one item to another budgeted item.” While the law states that expenditures may not exceed the amount appropriated, control in Travis County actually takes place at the office/department level. The County’s elected/appointed officials, county executives, and department heads may make transfers of appropriations within an office/department as specified in the Commissioners Court-approved annual budget rules. Transfers of appropriations between offices/departments, as specified in the budget rules, require the specific pre-approval of the Commissioners Court. The County maintains an encumbrance accounting system as a method to accomplish budgetary control.

MAGNITUDE OF FINANCE OPERATIONS

The Travis County Auditor's Office is headed by Nicki Riley, CPA, County Auditor, and consists of 87 employees. The principal divisions of the County Auditor's Office are as follows:



3. FEDERAL, STATE AND LOCAL FINANCIAL ASSISTANCE

During the most recent fiscal year, Travis County received the following assistance:

Grantors & Program Titles	CFDA #	Pass thru Grantor
Federal Grants		
<u>U.S. Department of Agriculture</u>		
School Lunch Program	10.555	Tx Dept of Agriculture
School Breakfast Program	10.553	
Commodities Program	10.550	
<u>U.S. Department of Energy</u>		
Weatherization Assistance Program (DOE/ Exxon)	81.042	Tx Dept of Housing & Community Affairs
<u>U.S. Department of Housing and Urban Development</u>		
* Community Development Block Grant	14.218	Direct
Neighborhood Stabilization (A Travis County Housing Finance Corp. Program)	14.228	Tx Dept of Housing & Community Affairs
Tenant Based Rental Assistance (A Travis County Housing Finance Corp. Program)	14.239	Tx Dept of Housing & Community Affairs
<u>U.S. Department of Interior</u>		
Manor Historic Resources Survey	15.904	Texas Historical Commission
Webberville Corridor Cultural Resources Survey in Eastern Travis County	15.904	
Williams Farmstead Outreach	15.904	
<u>U.S. Department of Health and Human Services</u>		
Travis County Juvenile Drug Treatment Court	93.243	Direct
* Parenting In Recovery	93.087	Direct
Travis County Adult Probation DWI Court	93.243	Direct
SVCI Immunization Awareness	93.268	Tx Dept of State Health Services then UNT
Children's Mental Health Program	93.104	Tx Dept of Health & Human Services then A/TC MHMR
Non-Title IV-D Child Support Reimbursement	93.563	Tx Ofc of Attny General
Integrated Child Support System	93.563	Tx Ofc of Attny General
Title IV-D Child Support Enforcement	93.563	Tx Ofc of Attny General
Comprehensive Energy Assistance Program (CEAP)	93.568	Tx Dept of Housing & Community Affairs
Enhanced Weatherization Assistance Program (LIHEAP)	93.568	Tx Dept of Housing & Community Affairs
* Title IV-E Foster Care Maintenance	93.658	Tx Dept of Family & Protective Services
* Title IV-E Legal	93.658	Tx Dept of Family & Protective Services
* Title IV-E Foster Care	93.658	Tx Dept of Protective & Regulatory Services then Tx Juvenile Justice Department

Grantors & Program Titles	CFDA #	Pass thru Grantor
<u>U.S. Department of Justice</u>		
* State Criminal Alien Assistance Program	16.606	Direct
Federal Forfeited Property	16.922	Direct
* Family Drug Treatment Court Children's Continuum	16.585	Direct
Safe Havens: Save Visitation and Exchange Program	16.527	Direct
* Travis County Juvenile Treatment Drug Courts	16.585	Direct
* Co-Occurring Re-entry Services	16.812	Direct
* Domestic Violence Accountability Management Program	16.812	Direct
Federal Grants (continued)		
Family Violence Protection Team	16.590	City of Austin
Justice Assistance Grant	16.738	City of Austin
ARRA – Justice Assistance Grant	16.804	City of Austin
A Culture of Excellence: PREA Training and Education	16.735	National Council on Crime and Delinquency
Drug Court and In Home Family Services Expansion	16.523	Tx Ofc of Governor - Criminal Justice Division
Juvenile Accountability Incentive Block Grant	16.523	Tx Ofc of Governor - Criminal Justice Division
Travis County Eagle Resource Project	16.540	Tx Ofc of Governor - Criminal Justice Division
* Family Violence Accelerated Prosecution Program	16.588	Tx Ofc of Governor - Criminal Justice Division
Leadership Academy	16.593	Tx Ofc of Governor - Criminal Justice Division
Child Abuse Victim Services	16.575	Tx Ofc of Governor - Criminal Justice Division
TCSO Command & Support Vessel	16.738	Tx Ofc of Governor - Criminal Justice Division
<u>U.S. Department of Transportation</u>		
Youth Alcohol Project	20.600	National Sheriffs Association
Frate Barker Road Improvements	20.205	Tx Dept of Transportation
McKinney Falls Pedestrian Way	20.205	Tx Dept of Transportation
TXDOT Impaired Driving Mobilization	20.601	Tx Dept of Transportation
Underage Drinking Prevention Program	20.601	Tx Dept of Transportation
<u>U.S. Department of Homeland Security</u>		
Emergency Food and Shelter National Program	97.024	Emergency Food and Shelter National Board
Urban Area Security Initiative Grant (UASI)	97.008	Tx Dept of Public Safety
Emergency Management Assistance (SLA-50)	97.042	Tx Dept of Public Safety
* FEMA 2957 – 2011 Hodde Fire	97.046	Tx Dept of Public Safety
* FEMA 2959 – 2011 Pedernales Bend Fire	97.046	Tx Dept of Public Safety
* FEMA 2960 – 2011 Steiner Ranch Fire	97.046	Tx Dept of Public Safety
<u>Corporation for National and Community Service</u>		
Retired Senior Volunteer Program	94.002	Direct
Retired Senior Volunteer Program	94.002	Tx Dept on Aging and Disability Services
AmeriCorps	94.006	One Star Foundation

Grantors & Program Titles	CFDA #	Pass thru Grantor
State Grants		
<u>Texas Department of Motor Vehicles</u>		
Sheriff's Combined Auto Theft Task Force		
<u>Texas Department of Criminal Justice – Criminal Justice Assistance</u>		
<u>Division (CJAD)</u>		
CSCD – Basic Supervision		
CSCD - CCP and DP Grants		
CSCD – TAIP		
<u>Texas Juvenile Justice Department</u>		
Various TJJD Grants		
<u>Texas Department of Parks and Wildlife</u>		
* Travis County Onion Creek Greenway		
<u>Texas Office of Court Administration - Task Force on Indigent Defense</u>		
Indigent Defense – Formula Grant		
<u>Texas Department of Transportation</u>		
Howard Lane @ SH130		
<u>Texas Commission on Environmental Quality</u>		
TC Environmental Crime Prosecutors		
LIP – Transportation Management Association		
Low Income Repair, Retrofit & Replacement Assist Program		
<u>Office of the Attorney General</u>		
Victim Coordinator Liaison Grant		
Statewide Automated Victim Notification Service		
Other Victim Assistance Grant		
<u>Texas Department of State Health Services</u>		
Children's Mental Health	Austin Travis County Integral	Care
Community Partners for Children	Austin Travis County Integral	Care
Capital Area Regional Advisory Council	Capital Area Regional Advisory	Council
<u>Office of the Governor – Criminal Justice Division</u>		
Drug Diversion Court		
Family Drug Treatment Court		
Indigent Defense Evaluation Project		
TCSO Vision Summit Reentry Conference		
* Trauma Informed Assessment & Response		
Travis County Adult Probation DWI Court		
Travis County Eagle Resource Project		
* Veterans Court Program		
State Forfeited Property		

Grantors & Program Titles	Pass thru Grantor
Other Grants	
Texas Gas - Project Care	
TXU Energy Aid Program	
RSVP Advisory Council	
Capital Metro – Regional Mobility Grants	
Targeted Low Income Weatherization Program	
Casey Family Programs	
ATMOS Energy Aid Program	
Milburn Trust Grant	
Travis County Psychology Internship Program	
Arnold Foundation Justice Reinvestment Initiative (JRI)	
Meadows Foundation Pre-Doctoral Psychology Internship	
Preservation of Historical Documents	

* Designates Major Programs in FY 2013

4. COMPUTER SYSTEMS

There are many and varied application servers installed in Travis County to support both County-wide and departmental/office specific applications.

COUNTY-WIDE FINANCIAL SYSTEM

The County uses Systems Applications and Products (SAP) ERP as its main financial system. The key SAP modules and functions in use are:

- Enterprise Resource Planning (ERP 6.0 EHP6) for the functions Accounts Payable, Asset Management, Cash Receipting, Employee Self-Service, Funds Management, General Ledger, Grants Management, Human Capital Management, Manager Self-Service, Payroll, Project Accounting, and Travel Management
- Supplier Resource Management (SRM 7.0 EHP2) for the functions catalog management, contract management, and self-service procurement
- OpenText Vendor Invoice Management along with OpenText Invoice Capture Center for invoice processing and auditing
- SAP Business Information Warehouse (BW 7.0) for financial reporting and analysis
- SAP Business Objects Business Intelligence (SBOP BI Platform 4.0) for operational and management reporting

The SAP landscape consists of the four environments prototype, development, quality assurance and production. The server platform is based on IBM rack mounted M3 Intel servers running Microsoft Windows 2008 R2 and Microsoft SQL Server 2008 R2. VMware 5.1 is used to virtualize all the servers except for the production database server.

The major County-wide applications and servers include, but are not limited to, the following:

- a. H.T.E. Legacy Financial System (IBM RS-6000 P670)
- b. EZTax (IBM iSeries) and eTax (web-based)
- c. EZVote and EZVIP IBM iSeries
- d. The Travis County Integrated Justice Systems (IJS)
- e. Case Management and Benefit Administration System (CABA)-
Microsoft Windows Server
- f. The Fully Automated Courts Tracking System (FACTS)
- g. Odyssey (Tyler Technologies)

STATE OF TEXAS}
COUNTY OF TRAVIS}

Attachment F

ATTACHMENT 1
ETHICS AFFIDAVIT

Date: May 6, 2014
Name of Affiant: Dan A. Shaner
Title of Affiant: Partner
Business Name of Offeror: Atchley & Associates, LLP
County of Offeror: Travis

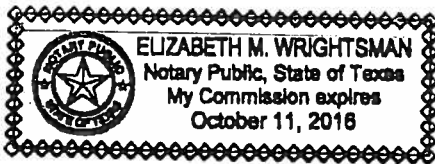
Affiant on oath swears that the following statements are true:

- 1. Affiant is authorized by Offeror to make this affidavit for Offeror.
2. Affiant is fully aware of the facts stated in this affidavit.
3. Affiant can read the English language.
4. Offeror has received the list of Key Contracting Persons associated with this solicitation which is attached to this affidavit as Exhibit "A".
5. Affiant has personally read Exhibit "A" to this Affidavit.
6. Affiant has no knowledge of any Key Contracting Person on Exhibit "A" with whom Offeror is doing business or has done business during the 365-day period immediately before the date of this affidavit whose name is not disclosed in the solicitation.

Handwritten signature of Dan A. Shaner
Signature of Affiant

6850 Austin Center Blvd., Ste. 180, Austin, Texas 78731
Address

SUBSCRIBED AND SWORN TO before me by 6th on May, 2014.



Handwritten signature of Elizabeth M. Wrightsman
Notary Public, State of Texas
Elizabeth Wrightsman
Typed or printed name of notary
My commission expires: 10/11/2016

EXHIBIT A TO ATTACHMENT 1
LIST OF KEY CONTRACTING PERSONS

April 9, 2014

CURRENT		
<u>Position Held</u>	<u>Name of Individual Holding Office/Position</u>	<u>Name of Business Individual is Associated</u>
County Judge	Samuel T. Biscoe	
County Judge (Spouse)	Donalyn Thompson-Biscoe	
Executive Assistant	Cheryl Brown	
Executive Assistant	Melissa Velasquez	
Executive Assistant	Josie Z. Zavala	
Executive Assistant	David Salazar	
Commissioner, Precinct 1	Ron Davis	
Commissioner, Precinct 1 (Spouse)	Annie Davis	Seton Hospital
Executive Assistant	Deone Wilhite	
Executive Assistant	Felicitas Chavez	
Executive Assistant	Sue Spears	
Commissioner, Precinct 2	Bruce Todd*	
Commissioner, Precinct 2 (Spouse)	Elizabeth Christian	Consultant
Executive Assistant	Sara Krause*	
Executive Assistant	Joe Hon	
Executive Assistant	Peter Einhorn	
Commissioner, Precinct 3	Gerald Daugherty*	
Commissioner, Precinct 3 (Spouse)	CharylN Daugherty	Consultant
Executive Assistant	Bob Moore*	
Executive Assistant	Martin Zamzow*	
Executive Assistant	Madison A. Gessner*	
Commissioner, Precinct 4	Margaret Gomez	
Executive Assistant	Edith Moreida	
Executive Assistant	Norma Guerra	
County Treasurer	Dolores Ortega-Carter	
County Auditor	Nicki Riley	
County Executive, Administrative	Vacant	
Interim County Executive, Planning & Budget	Leroy Nellis*	
County Executive, Emergency Services	Danny Hobby	
County Executive, Health/Human Services	Sherri E. Fleming	
County Executive, TNR	Steven M. Manilla, P.E.	
County Executive, Justice & Public Safety	Roger Jefferies	
Director, Facilities Management	Roger El Khoury, M.S., P.E.	
Chief Information Officer	Tanya Acevedo	
Director, Records Mgmt & Communications	Steven Broberg	
Travis County Attorney	David Escamilla	
First Assistant County Attorney	Steve Capelle	
Executive Assistant, County Attorney	James Collins	
Director, Land Use Division	Tom Nuckols	
Attorney, Land Use Division	Julie Joe	
Attorney, Land Use Division	Christopher Gilmore	
Director, Transactions Division	John Hille	
Attorney, Transactions Division	Daniel Bradford	
Attorney, Transactions Division	Elizabeth Winn	
Attorney, Transactions Division	Mary Etta Gerhardt	

Attorney, Transactions Division
 Attorney, Transactions Division
 Attorney, Transactions Division
 Director, Health Services Division
 Attorney, Health Services Division
 Purchasing Agent
 Assistant Purchasing Agent
 Assistant Purchasing Agent
 Purchasing Agent Assistant IV
 Purchasing Agent Assistant IV
 Purchasing Agent Assistant IV
 Purchasing Agent Assistant IV
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 Purchasing Agent Assistant III
 Purchasing Agent Assistant III
 Purchasing Agent Assistant II
 Purchasing Agent Assistant II
 Purchasing Agent Assistant II
 HUB Coordinator
 HUB Specialist
 HUB Specialist
 Purchasing Business Analyst
 Purchasing Business Analyst

Barbara Wilson
 Jennifer Kraber*
 Tenley Aldredge
 Beth Devery
 Prema Gregerson
 Cyd Grimes, C.P.M., CPPO
 Marvin Brice, CPPB
 Bonnie Floyd, CPPO, CPPB, CTPM
 CW Bruner, CTP
 Lee Perry
 Jason Walker
 Richard Villareal
 Patrick Strittmatter
 Lori Clyde, CPPO, CPPB
 Scott Wilson, CPPB
 Jorge Talavera, CPPO, CPPB
 Loren Breland, CPPB
 John E. Pena, CTPM
 Rosalinda Garcia
 Angel Gomez
 Jesse Herrera, CTP, CTPM, CTCM
 Shannon Pleasant, CTPM
 David Walch
 Michael Long, CPPB
 Sydney Ceder
 Ruena Victorino*
 Rachel Fishback*
 Vacant
 L. Wade Laursen
 Sam Francis
 Sylvia Lopez
 Betty Chapa
 Jerome Guerrero
 Scott Worthington
 Vacant

FORMER EMPLOYEES

<u>Position Held</u>	<u>Name of Individual</u>	<u>Date of Expiration</u>
Commissioner, Precinct 2	Sarah Eckhardt...	05/ 31/14
Purchasing Agent Assistant III	Nancy Barchus, CPPB	06/28/14
Purchasing Business Analyst	Jennifer Francis..	11/29/14
Executive Assistant.....	Barbara Smith	01/15/15
Attorney, Transactions Division	Jim Connolly.....	02/28/15
County Executive, Planning & Budget	Leslie Browder...	03/31/15

* - Identifies employees who have been in that position less than a year.

EXHIBIT B TO ATTACHMENT 1
DISCLOSURE

Offeror acknowledges that Offeror is doing business or has done business during the 365-day period immediately prior to the date on which this proposal is due with the following key contracting persons and warrants that these are the only such key contracting persons:

NONE

If no one is listed above, Offeror warrants that Offeror is not doing business and has not done business during the 365-day period immediately prior to the date on which this offer is due with any Key Contracting Person.

Attachment G

Debarment Certification
 From Atchley & Associates, LLP

ATTACHMENT 3

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION FOR COVERED

Federal Executive Order 12549 requires Travis County to screen each covered potential contractor to determine whether each has a right to obtain a contract in accordance with federal regulations on debarment, suspension, ineligibility, and voluntary exclusion. Each covered contractor must also screen each of its covered subcontractors.

In this certification "contractor" refers to both contractor and subcontractor; "contract" refers to both contract and subcontract.

By signing and submitting this certification, the contractor/potential contractor accepts the following terms:

1. The certification herein below is a material representation of fact upon which reliance was placed when this contract was entered into. If it is later determined that the potential contractor knowingly rendered an erroneous certification, in addition to other remedies available to the federal government or Travis County may pursue available remedies, including suspension and/or debarment.
2. The potential contractor shall provide immediate written notice to the person to whom this certification is submitted if at any time the potential contractor learns that the certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
3. The words "covered contract," "debarred," "suspended," "ineligible," "participant," "person," "principle," "proposal," and "voluntarily excluded," as used in this certification have meanings based upon materials in the Definitions and Coverage sections of federal rules implementing Executive Order 12549.
4. The potential contractor agrees by submitting this certification that, should the proposed covered contract be entered into, it shall not knowingly enter into any subcontract with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by a federal department or agency, and/or Travis County, as applicable.

Do you have or do you anticipate having subcontractors under this proposed contract?

YES NO

5. The potential contractor further agrees by submitting this certification that it will include this certification titled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion for Covered Contracts" without modification, in all covered subcontracts; and in solicitations for all covered subcontracts.
6. A contractor may rely upon a certification of a potential subcontractor that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered contract, unless it knows that the certification is erroneous. A contractor must at a minimum,

obtain certifications from its covered subcontractors upon each subcontract's initiation and upon each renewal.

- 7. Nothing contained in all the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this certification document. The knowledge and information of a contractor is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- 8. Except for contracts authorized under paragraph 4 of these terms, if a contractor in a covered contract knowingly enters into a covered subcontract with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the federal government, any federal agency and/or Travis County may pursue available remedies, including suspension and/or debarment.

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY, AND VOLUNTARY EXCLUSION FOR COVERED CONTRACTS

Indicate in the appropriate box which statement applies to the covered contractor/potential contractor:

The contractor/potential contractor certifies, by submission of this certification, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this contract by any federal department or agency, the State of Texas, or Travis County.

The contractor/potential contractor is unable to certify to one or more of the terms in this certification. In this instance, the contractor/potential contractor must attach an explanation for each of the above terms to which he is unable to make certification. Attach the explanation(s) to this certification.

Name of Contractor

Vendor I.D. or Social Security No.

Atchley & Associates, LLP

74-2920819

Dan Shaner

Dan Shaner, CPA, Partner

Signature of Authorized Representative Date Printed/Typed Name & Title of Authorized Representative

Attachment H

**BUSINESS ASSOCIATE AGREEMENT
BETWEEN ATCHLEY & ASSOCIATES LLP AND
TRAVIS COUNTY AND
TRAVIS COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT AND
TRAVIS COUNTY JUVENILE PROBATION DEPARTMENT**

This Business Associate Agreement ("BAA") is executed by the following parties:

Travis County, a political subdivision of Texas ("County") and
Travis County Community Supervision and Corrections Department ("CSCD"), and
Travis County Juvenile Probation Department, ("Juvenile Probation"), and
Atchley & Associates LLP, a firm of certified public accountants, which is a
registered limited liability partnership under the laws of the State of Texas
("Contractor").

RECITALS

Effective July 1, 2014, County and Contractor entered into an independent auditing contract entitled External Auditing Contract Between Atchley & Associates, Llp And Travis County And Travis County Community Supervision And Corrections Department And Travis County Juvenile Probation Department For Fiscal Years 2014-2018 ("External Audit Contract") so that County may obtain external auditing services related to all County operations including it health related activities. These services include the audit of the operation of the County employee benefit health plans, the Wellness Clinics, aeromedical emergency medical transport services, medical services provided in correctional facilities, and counseling services (the "Services")

County and Contractor are entering into this BAA to provide County with satisfactory assurances, in accordance with 45 C.F.R. § 164.314(a), that Contractor and its subcontractors will appropriately safeguard any electronic protected health information that Contractor or its subcontractors create, receive, maintain or transmit on County's behalf. 45 CFR 164.308 (b).

AGREEMENT

NOW, THEREFORE, County and Contractor mutually agree to the following terms and conditions:

I. TERM.

1.1 This BAA commences on the date on which it is signed by the last party to sign it. This BAA continues in force until all protected health information is destroyed or returned to County.

II. CONTRACTOR RESPONSIBILITIES AND AUTHORITY

2.1. Directly Regulated Contractor acknowledges that it is directly regulated by HIPAA and HITECH and Part 164.

2.2. Contractor Compliance with Part 164. Contractor shall comply with the applicable requirements of Part 164. 45 CFR 164.314 (a)(2)(A). Contractor shall use appropriate safeguards and comply, where applicable, with Part 164 to prevent use or disclosure of electronic protected health information other than as provided for in this BAA. 45 CFR 164.504 (e)(2)(ii)(B).

2.3. Subcontractor Compliance with Part 164. Contractor shall ensure that any subcontractors that create, receive, maintain, or transmit electronic protected health information on behalf of Contractor agree to comply with the applicable requirements of Part 164 by entering into a contract with the subcontractor that complies with 45 CFR 164.314 (a)(2)(B). If Contractor knows of a pattern of activity or practice of a subcontractor that constitutes a material breach or violation of the subcontractor's obligation under that contract, Contractor shall take reasonable steps to cure the breach or end the violation, as applicable, and, if such steps were unsuccessful, terminated the contract, if feasible. 45 CFR 164.502(e)(1)(iii).

2.4. Notice of Security Incident to County Contractor shall report to County any security incident of which it becomes aware, including breaches of County's unsecured protected health information as required by 45 CFR § 164.410. Contractor shall report to County any successful security incident in detail as promptly as possible and no later than 2 business days after Contractor becomes aware of it. The parties acknowledge the ongoing existence and occurrence of attempted but Unsuccessful Security Incidents which include pings and other broadcast attacks on Contractor's firewall, port scans, unsuccessful log-on attempts, denials of service and any combination of the above, that do not result in unauthorized access, use or disclosure of County's electronic protected health information. Contractor may report to County unsuccessful security incidents in the aggregate at least once each quarter. County determines if there has been a data breach for County protected health information and whether County protected health information has been compromised. 45 CFR 164.314 (a)(2)(C).

2.5. Policies and Training Contractor shall implement, maintain and enforce procedures and policies consistent with the applicable requirements of HIPAA, HITECH and Part 164. Contractor shall provide its directors, partners, and employees with appropriate regular training in these policies and procedures and compliance with the applicable requirements of HIPAA, HITECH and Part 164. Contractor shall ensure that its directors, partners, employees, and subcontractors comply with these procedures and policies.

2.6. Notice of Breach. Following the discovery of a breach of unsecured protected health information, Contractor shall notify County of the breach without

unreasonable delay and no later than 60 calendar days after discovery of a breach. Contractor also shall provide to Client any other available information Client is required to include in its notification to affected Individual. This notice shall include, to the extent possible, a brief description of what happened, including the date of occurrence and the date of the discovery by Contractor; a description of the protected health information affected, including the identity of each individual whose unsecured protected health information has been, or is reasonably believed by Contractor to have been accessed, acquired, used, or disclosed during the breach and the types of protected health information involved (such as full name, social security number, date of birth, home address, account numbers, etc.); any other available information that County is required to include in its notice to the individual under 45 CFR § 164.404(c) and a brief description of what Contractor has done to investigate the breach, to mitigate harm to individuals, and to protect against any further breaches. For purposes of this paragraph, a breach shall be treated as discovered by Contractor as of the first day on which that breach is known to Contractor or would have been known to Contractor by exercising reasonable diligence. Contractor shall be deemed to have knowledge of a breach if the breach is known, or would have been known by exercising reasonable diligence, to any person, other than the person committing the breach, who is a director, partner, employee, officer, or other agent of Contractor. 45 CFR 164.410.

2.7. Permitted Uses and Disclosures Contractor may use protected health information provided to Contractor by County for the following activities:

2.7.1. Conducting external auditing functions and

2.7.2. Contractor's proper management and administration (including use and disclosure as required by Contractor to comply with applicable professional standards and obligations) or to carry out its legal responsibilities.

2.8. Required Uses and Disclosures. Contractor shall disclose protected health information and make its internal practices, books, and records relating to the use and disclosure of protected health information received from, or created or received by Contractor available to the Secretary of the Department of Health and Human Services for purposes of determining Contractor or County's compliance with Part 164. Contractor also shall disclose protected health information to County when requested by an individual or the individual's designee, as necessary to satisfy County's obligations to provide the individual with access to inspect and obtain a copy of his or her protected health information in a designated record set, subject to the exclusions in § 164.524(a)(1), in the electronic format requested if it is readily producible in such form and format; or, if not, in a readable electronic form and format as agreed to by the covered entity and the individual in compliance with Part 164.

2.9. Prohibited Uses and Disclosures Contractor shall not use or further disclose genetic information for underwriting purposes or sell protected health

information or use or disclose protected health information other than as permitted or required by the BAA or the External Audit Contract or as required by law. For purposes of this paragraph, sale of protected health information means a disclosure of protected health information by Contractor where Contractor directly or indirectly receives remuneration from or on behalf of the recipient of the protected health information in exchange for the protected health information but does not include disclosure of protected health information as specifically limited in 45 CFR § 164.502(5).

2.10. Accounting of Disclosures Except as otherwise permitted or required by this BAA, Contractor shall report to County any use or disclosure of the information of which it becomes aware, including breaches of unsecured protected health information. 45 CFR § 164.410 and 45 CFR 164.504 (e)(2)(ii)(C).

2.11 Return or Destruction of Data At termination of the BAA, if feasible, Contractor shall return or destroy all protected health information received from, or created or received by Contractor on behalf of County that Contractor still maintains in any form and retain no copies of such information. If such return or destruction is not feasible, Contractor shall extend the protections of the BAA to the information and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

2.12 Compliance with Laws. Contractor shall comply with all applicable laws, rules and regulations in the performance of this BAA.

III. COUNTY RESPONSIBILITIES

3.1 County shall not request Contractor to use or disclose protected health information in any manner that would not be permissible under Part 164 if done by County.

3.2 County shall not provide Contractor with more protected health information than minimally necessary for Contractor to provide the Services and, where possible, County shall provide any protected health information needed by Contractor to perform the Services in the form of a Limited Data Set, in accordance with Part 164.

3.3 County acknowledges that neither this BAA nor the External Audit Contract requires Contractor to make any disclosure for which an accounting would be required under Part 164. County shall be solely responsible for tracking and providing individuals with an accounting of any disclosures made by County to Contractor.

IV. LIABILITY

4.1 County is not liable for and Contractor assumes full risk of any claims, damages or attorney's fees of every kind for injury to or death of any person and for damages to or loss of property arising in whole or in part, directly or indirectly, as a result of the operations, including acts and omissions, of the Contractor under this BAA. County does not waive, nor shall it be deemed to waive, any right, defense, or immunity that County may have.

4.2 Contractor is not liable for and County assumes full risk of any claims, damages or attorney's fees of every kind for injury or death of any person and for damages to or loss of property arising in whole or in part, directly or indirectly, as a result of the operations, including acts or omissions, of the County under this BAA.

V. LIMIT ON AGENTS

5.1 No agent, official, employee, or representative of County has the authority to amend or assign this BAA or waive violations of it unless expressly granted this specific authority by the Commissioners Court.

VI. BREACH

6.1 The failure of either party to comply with the terms and conditions of this BAA is a breach of this BAA.

VII. MEDIATION

7.1 When mediation is acceptable to both parties in resolving a dispute arising under this BAA, the parties agree to use the Dispute Resolution Center of Austin, Texas as the provider of mediators for mediation as described in the TEX. CIV. PRAC. AND REM. CODE ANN., §154.023. Unless both parties are satisfied with the result of the mediation, the mediation will not constitute a final and binding resolution of the dispute. All communications within the scope of the mediation must remain confidential as described in TEX. CIV. PRAC. AND REM. CODE ANN., §154.073, unless both parties agree, in writing, to waive the confidentiality.

VIII. TERMINATION

8.1 County for Cause Termination. County has the right to terminate this BAA and the BAA, in whole or in part, for one or more of the following reasons at any time in compliance with 8.2:

8.1.1 Contractor fails to cease violations of this BAA or HIPAA or HITECH or Part 164,

8.1.2 Contractor has violated its policies and procedures arising from

compliance with HIPAA or HITECH or Part 164 one or more times,

8.1.3 Contractor has failed to comply with any term or condition of this BAA, or

8.1.4 Contractor is unable to conform to changes required by federal, state or local laws or regulations related to performance under this BAA.

8.2 Procedure. At least thirty (30) days before the effective date of termination, County must notify Contractor in compliance with Article XIV of the decision to terminate this BAA, the existence and nature of the breach, the effective date of termination and, in the case of a partial termination, the portion of the BAA to be terminated. Contractor may avoid termination of this BAA pursuant to 8.1.1, 8.1.2, and 8.1.3 if Contractor cures the breach to the satisfaction of County within thirty (30) days of receipt of notice of breach. The time to cure may be extended, at the sole discretion of County, as long as the Contractor diligently continues to work toward completion of the cure. If the breach is not cured to the satisfaction of County prior to the effective date of termination or any extension of the date allowed by County in writing, the Contractor is in default and the participation of the Contractor is automatically terminated on that date.

8.3 Contractor for Cause Termination. Contractor may terminate this BAA, in whole or in part, at any time for any of the following reasons in compliance with 8.4:

8.3.1 County fails to cease violations of this BAA or HIPAA or HITECH or Part 164,

8.3.2 County has violated its policies and procedures arising from compliance with HIPAA or HITECH or Part 164 or both one or more times,

8.3.3 County has failed to comply with any term or condition of this BAA, or

8.3.4 County is unable to conform to changes required by federal, state or local laws or regulations related to performance under this BAA.

8.4 Procedure. At least thirty (30) days before the date of termination, Contractor must notify County in compliance with Article XIV of the decision to terminate this BAA, the reasons for termination, the effective date of termination and in the case of a partial termination, the portion of the BAA to be terminated. County may avoid termination of this BAA pursuant to 8.3.1 or 8.3.2 or 8.3.3 if County corrects the causes of the reasons for termination stated in the notice to the satisfaction of the Contractor prior to the effective date of termination.

IX. NON-WAIVER AND RESERVATION OF REMEDIES

9.1 Non-Waiver. Any act of forbearance by either party to enforce any provision of this BAA shall not be interpreted as a modification of this BAA or as a waiver of any breach or default of the other party which then exists or may subsequently exist. The failure of either party to exercise any right or privilege granted in this BAA shall not be interpreted as a waiver of that right or privilege. In this BAA, County and Contractor do not waive any immunity or defense that would otherwise be available to them against claims arising in the exercise of their governmental powers and functions.

9.2 Reservation of Rights and Remedies. All rights of both parties under this BAA are specifically reserved. Any payment, act or omission by a party must not impair or prejudice any remedy or right of that party under this BAA. Any right or remedy stated in this BAA must not preclude the exercise of any other right or remedy under this BAA, the law or at equity, nor must any action taken in the exercise of any right or remedy be deemed a waiver of any other rights or remedies.

X. ENTIRE AGREEMENT

10.1 Agreement All Inclusive. All oral and written agreements between the parties to this BAA relating to the subject matter of this BAA that were made prior to the execution of this BAA have been reduced to writing and are contained in this document.

XI. ASSIGNABILITY

11.1 Neither party may assign any of the rights or duties created by this BAA without the prior written approval of the other party. It is acknowledged by Contractor that no officer, agency, employee or representative of County has any authority to grant such assignment unless expressly granted that authority by the Commissioners Court.

XII. AMENDMENTS

12.1 Amendment of BAA. Any change to the provisions of this BAA must be made in writing and signed by both parties: County and Contractor. It is acknowledged by Contractor that no officer, agency, employee or representative of County has any authority to change the provisions of this BAA unless expressly granted that authority by Commissioners Court.

12.2 Contractor Request. Contractor must submit all requests for changes to this BAA to Benefits Manager. The Benefits Manager must present the Contractor's requests to Commissioners Court for consideration.

12.3 County Request. County must submit all requests for changes to this BAA to the Contractor.

XIII. NOTICES

13.1 Written Notice. All notices sent pursuant to this BAA shall be in writing and either hand delivered or sent by registered or certified mail, postage prepaid, return receipt requested.

13.2 County Address. Notice sent pursuant to this BAA may be delivered or mailed to County. If delivered, notice shall be delivered at the following address:

Benefits Manager
Human Resources Management Department
700 Lavaca, Suite 420
Austin, Texas 78701

13.3 If mailed, notice shall be mailed to the following address:

Benefits Manager
Human Resources Management Department
P. O. Box 1748,
Austin, Texas 78767

Whether hand delivered or mailed with mailed copies also to the following (registered or certified mail with return receipt is not required):

Rosie Ramon-Duran (or her successor in office)
Director, CSCD
P.O. Box 1748
Austin, Texas 78767-1748

and to:

Honorable Judge Lora Livingston (or his successor in office)
Presiding District Judge
P.O. Box 1748
Austin, Texas 78767-1748

and to:

Estela Medina (or her successor in office)
Chief Juvenile Probation Officer
P.O. Box 1748
Austin, Texas 78767-1748

and to:

Honorable Judge Rhonda Hurley (or her successor in office)
Presiding Judge, Travis County Juvenile Board
P.O. Box 1748
Austin, Texas 78767-1748

13.5 Contractor Addresses. Notice sent pursuant to this BAA may be delivered or mailed to County. If delivered, notice shall be delivered at the following address:

Atchley & Associates, LLP
6850 Austin Center Blvd, Suite 180
Austin, Texas 78731

13.6 Time of Delivery. When notices sent are hand delivered, notice is effective upon delivery. When notices are mailed by registered or certified mail, notice shall be deemed effective three days after deposit in a U.S. mail box or at a U.S. post office.

13.7 Change of Address. Both parties may change their address for notice under this contract by providing a notice of the change to the other party in compliance with this Article XII.

XIV. INTERPRETATION OF CONTRACT

14.1. Independent Contractors. Contractor and County are independent contractors and this BAA will not establish any relationship of partnership, joint venture, employment, franchise or agency between Contractor and County. Neither Contractor nor County will have the power to bind the other or incur obligations on the other party's behalf without the other party's prior written consent, except as otherwise expressly provided in this Agreement.

14.2. Conflicts. If any terms of this BAA are inconsistent with the terms of the External Audit Contract, then the terms of this BAA shall control.

14.3. Law. This BAA is governed by the laws of the United States of America and the laws of Texas. This BAA is performable in Travis County, Texas.

14.4. Severability. If any portion of this BAA is ruled invalid by a court of competent jurisdiction, the remainder of it must be construed as if that portion were not included in the BAA and the remainder remains valid and binding.

14.5. Definitions. In this BAA, all words and phrases used in this BAA and defined in 45 CFR Parts 160 through 164 inclusive have the same meaning in this BAA as they have in 45 CFR Parts 160 through 164 inclusive. In addition, in this BAA

14.5.1 Business Day. "Business Day" means Monday through Friday unless County has designated one of these days as a County holiday.

14.5.2 Commissioners Court. "Commissioners Court" means the Travis County Commissioners Court.

14.5.3 HIPAA "HIPAA" means the Health Insurance Portability and Accountability Act of 1996.

14.5.4 HITECH "HITECH" means the Health Information Technology for Economic and Clinical Health Act of 2009.

14.5.5 Part 164. "Part 164" means 45 Code of Federal Regulations, Part 164 which forms a portion of the regulations issued under HIPAA and HITECH.

14.5.6 Benefits Manager. "Benefits Manager " means the individual designated by the Commissioners Court to perform the management and administrative duties of the County under this BAA or his designee.

14.6. Computation of Time. When any period of time is stated in this BAA, the time must be computed to exclude the first day and include the last day of the period. If the last day of any period falls on a Saturday, Sunday or a day that County has declared a holiday for its employees, these days must be omitted from the computation.

14.7. Number and Gender. Words of any gender in this BAA must be construed to include any other gender and words in either number must be construed to include the other unless the context in the BAA clearly requires otherwise.

14.8. Headings. The headings at the beginning of the various provisions of this BAA have been included only to make it easier to locate the subject matter covered by that section or subsection and are not to be used in construing this BAA.

XV. DUPLICATE ORIGINALS

15.1. This document is executed in duplicate originals.

ATCHLEY & ASSOCIATES LLP

TRAVIS COUNTY

By: *Dan Shoult*

By: _____

Title: PARTNER
Its Duly Authorized Signatory

Samuel T. Biscoe
Travis County Judge

Date: 7/24/2014

Date: _____

**TRAVIS COUNTY COMMUNITY
SUPERVISION AND CORRECTIONS
DEPARTMENT**

**TRAVIS COUNTY JUVENILE PROBATION
DEPARTMENT**

By : _____
Charles Robinson
Director, Travis County
Community Supervision and
Corrections Department

By: _____
Judge Rhonda Hurley
Chairperson
Travis County Juvenile Probation
Board

Date _____

Date _____