

Financial Auditor Services

Request for Proposal

July 2021

Orange County Employees Retirement System (OCERS)

2223 E Wellington Avenue Suite 100

Santa Ana, CA 92701 USA

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<http://www.ocers.org>

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Section 1: Introduction

The Orange County Employees Retirement System (“OCERS”) is requesting proposals from qualified firms interested in providing financial auditor services and performing the annual audit of OCERS financial statements in accordance with accounting principles generally accepted in the United States of America.

Those who wish to be considered must submit their completed proposal by **5:00 p.m., PT, Friday, September 3, 2021**. Specific instructions for proposal submissions are contained in Section 7 of this RFP.

Questions about this RFP must be submitted in writing by **5:00 pm, PT, Friday, August 6, 2021** to Jim Doezie, Contracts, Risk & Performance Administrator, by email at jdoezie@ocers.org.

Section 2: Background

OCERS was established in 1945 under the provisions of the County Employees Retirement Law of 1937, and provides members with retirement, disability, death, and cost-of-living benefits. There are approximately 48,000 members served by OCERS, of which over 19,000 are retirees. OCERS is governed by a nine-member Board of Retirement (“Board”) which has plenary authority and fiduciary responsibility for investment of moneys and administration of the retirement system. OCERS has over ninety employees and the Board appoints a Chief Executive Officer who is responsible for the management of the agency. For additional information about OCERS, please refer to the OCERS website at ocers.org.

Section 3: Scope of Services

The detailed scope of services for this engagement is outlined in the attached Exhibit “B” (“Scope of Services”). The primary objectives are to provide OCERS with financial auditor services to provide a full range of professional auditing services necessary to complete requirements related to the annual audit of OCERS financial statements in accordance with accounting principles generally accepted in the United States of America, as well as an audit of schedules related to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, with the objective of expressing an opinion about whether these schedules are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

The firm selected for this engagement will be expected to meet requirements that include, but are not limited to, the following:

1. The firm must have all necessary permits and licenses to perform the requested services and must be bonded where applicable.
2. Minimum insurance coverage must include the following items, and proof of such insurance must be provided to OCERS prior to the commencement of work, on an annual basis, and upon request:
 - Commercial General Liability: \$2M per occurrence, \$2M aggregate
 - Automobile Liability: \$1M per occurrence, \$2M aggregate
 - Workers Compensation: \$1M per occurrence, \$1M aggregate
 - Umbrella Liability: \$8M per occurrence, \$8M aggregate
 - *Professional Liability*: \$2M per occurrence, \$3M aggregate

OCERS must be listed as an additional insured on the above policies.

3. The firm shall provide all personnel, equipment, tools, materials, vehicles, supervision, and other items and services necessary to perform all services, tasks, and functions as requested in this RFP.
4. The initial term of the contract awarded pursuant to this RFP will be for a **three year** period, with OCERS retaining the option to renew the contract, on an annual basis, for up to an additional three (3) years.
5. All work under the contract awarded shall be performed and all equipment furnished or installed in accordance with applicable safety codes, ordinances, and other regulations, including the regulations of the State of California, Division of Industrial Safety and the provisions of the California Labor Code, the Occupational Safety and Health Act of 1970, the California Occupational Health and Safety Act.
6. Minimum Qualifications
All respondents are required to sign and return the “Minimum Qualifications Certification,” attached as Exhibit “B”.

Section 4: General Conditions

All terms, conditions, requirements, and procedures included in this RFP must be met for a proposal to be qualified. A proposal that fails to meet any material term, condition, requirement, or procedure of this RFP may be disqualified. OCERS reserves the right to waive or permit cure of non-material errors or omissions. OCERS reserves the right to modify, amend, or cancel the terms of this RFP at any time.

OCERS may modify this RFP prior to the date fixed for submission of a proposal by posting, mailing, emailing or faxing an addendum to the respondents known to be interested in submitting a proposal. Failure of a respondent to receive or acknowledge receipt of any addendum shall not relieve the respondent of the responsibility for complying with the terms thereof.

A respondent’s proposal shall constitute an irrevocable offer for the 120 days following the deadline for submission of proposals. Reference to a certain number of days in this RFP shall mean business days unless otherwise specified.

All proposals submitted in response to this RFP will become the exclusive property of OCERS. Proposals will not be returned to respondents.

By submitting a proposal, the respondent acknowledges that it has read this RFP, understands it, and agrees to be bound by its requirements unless clearly and specifically noted in the proposal submitted.

Section 5: Point of Contact

A quiet period will be in effect from the date of issuance of this RFP until announcement of the selection of a firm or firms under this RFP. During the quiet period, respondents are not permitted to communicate with any OCERS staff member or Board Member regarding this RFP except through the Point of Contact named herein. Respondents violating this quiet period may be disqualified at OCERS’ discretion. Respondents having current business with OCERS must limit their communications to the subject of such business.

OCERS’ normal business hours of operations are from 08:00 a.m. PT to 5:00 p.m. PT Monday through Friday, except for federal and state holidays.

The Point of Contact for all matters relating to this RFP is:

Name:	Jim Doezie
Title:	Contracts, Risk & Performance Administrator
Address:	OCERS 2223 E Wellington Ave., Suite 100 Santa Ana, CA 92701
Telephone:	(714) 569-4884
Email:	jdoezie@ocers.org
OCERS Website:	www.OCERS.org
Status:	See the OCERS website for status of the RFP and announcements. These items can also be found here: https://www.ocers.org/request-proposal

Section 6: Response to Request for Proposal

Proposals must be submitted to the Point of Contact identified in Section 5 and delivered by the due date and time stated below in the RFP Schedule.

OCERS will accept electronic, paper, or both types of submissions. Proposals may be submitted electronically in Microsoft Word or Adobe Acrobat PDF format to the email address noted in Section 5. Submission may also be made by mailing a USB flash drive with the electronic files, or a paper copy to the mailing address noted in Section 5. If paper copies are submitted, two (2) copies must be submitted.

RFP Schedule

The following timetable constitutes a tentative schedule for this RFP process. OCERS reserves the right to modify this schedule at any time.

Deliverable	Date	Time
Release of RFP	Thursday, July 22, 2021	5:00 pm, PT
RFP Questions Deadline	Friday, August 6, 2021	5:00 pm, PT
RFP Answers Posted	Friday, August 20, 2021	5:00 pm, PT
RFP Submission Deadline	Friday, September 3, 2021	5:00 pm, PT
OCERS Review of RFP Submissions	September 2021 (estimated)	
Selection of Finalists	October 2021 (estimated)	

Interviews of Finalists	To be determined
Service Award [or recommendation to the Board]	To be determined

Section 7: Proposal Requirements

Proposals must include the following information:

1. The “Minimum Qualifications Certification,” attached as Exhibit “B.”
2. The “Proposal Cover Page and Check List,” attached as Exhibit “C.”
3. An executive summary that provides the respondent’s background, experience, and other qualifications to provide the services included in the Scope of Services (Exhibit “A”).
4. A description of the respondent including:
 - a. Brief history, including year the respondent firm was formed.
 - b. Ownership structure.
 - c. Office locations.
 - d. Organization chart.
 - e. Number of employees.
 - f. Annual revenues.
 - g. Scope of services offered.
 - h. Respondent’s specialties, strengths, and limitations.
 - i. The average retention rate (years of service) of the firm’s other clients
5. The names and qualifications of fully trained and qualified staff that will be assigned to OCERS work, including a detailed profile of each person’s background, relevant individual experience, including governmental auditing experiences, and indicate whether each person is licensed to practice as a certified public accountant in California.
6. Provide the firm’s policy regarding the rotation of partners on financial statement audits.
7. Indicate how the quality of staff over the term of the agreement will be assured.
8. Provide information about the firm’s technical resources and participation in state and national accounting and auditing industry groups.
9. At least three (3) references for which the respondent has provided services similar to those included in the Scope of Services. Please include for each reference the individual point of contact, a summary of the work performed, and the length of time the respondent provided each service.
10. Copies of any pertinent licenses required to deliver respondent’s product or service (e.g., business license).
11. A copy of respondent’s standard professional services contract.
12. An explanation of the pricing proposal for the scope of work including pricing of fees and costs, billing practices, and payment terms that would apply. The costs associated with the GASB 68 audit work should be included as a separate line item in the fee proposal. OCERS does not place any limits on the approach to pricing and is open to presentation of more than one pricing alternative for the scope of

work, or portions of it. The respondent should represent that the pricing offered to OCERS is, and will remain, equivalent to or better than that provided to other public pension fund or government clients, or should provide an explanation as to why this representation cannot be provided. All pricing proposals should be “best and final,” although OCERS reserves the right to negotiate on pricing.

13. The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services described in the Scope of Services (Exhibit “A”). Proposers will be required to provide the following information on their audit approach:
 - a. Proposed segmentation of the engagement
 - b. Level of staff and number of hours to be assigned to each proposed segment of the engagement
 - c. Type and extent of sampling techniques to be used in the engagement
14. Identification of Anticipated Potential Audit Problems
 - a. The proposal should identify and describe any anticipated potential audit problems, the firm’s approach to resolving these problems, and any special assistance that will be requested from OCERS’ staff.
15. The proposal should include sample formats for required reports.
16. An explanation of all actual or potential conflicts of interest that the respondent may have in contracting with OCERS.
17. A description of all past, pending, or threatened litigation, including malpractice claims, administrative, state ethics, disciplinary proceedings, and other claims against respondent and/or any of the individuals proposed to provide services to OCERS.
18. Any other information that the respondent deems relevant to OCERS’ selection process.

Section 8: Evaluation Criteria

Responses will be evaluated based upon the following:

1. Experience and reputation of the respondent.
2. Quality of the team proposed to provide services to OCERS, including staffing depth, experience, and turnover.
3. Pricing and value.
4. The organization, completeness, and quality of the proposal.
5. Information provided by references.
6. Other factors OCERS determines to be relevant.

The factors will be considered as a whole, without a specific weighting.

OCERS may require one or more interviews with or personal presentations by finalists to be conducted with staff, Audit Committee, and/or the entire Board of Retirement.

If the information in the proposal is deemed to be insufficient for evaluation, OCERS may request additional information or reject the proposal outright at OCERS’ sole discretion. False, incomplete, or unresponsive statements in connection with a proposal may result in rejection of the proposal.

Section 9: Non-Discrimination Requirement

By submitting a proposal, the respondent represents that it and its subsidiaries do not and will not discriminate against any employee or applicant for employment on the basis of race, religion, color, national origin, ethnic group identification, mental disability, physical disability, medical condition, genetic information, marital status, ancestry, sex, gender, sexual orientation, gender identity, gender expression, age, or military and veteran status.

Section 10: Notice Regarding the California Public Records Act and the Brown Act

The information submitted in response to this RFP will be subject to public disclosure pursuant to the California Public Records Act (California Government Code Section 6250, et. seq., the "Act"). The Act provides generally that all records relating to a public agency's business are open to public inspection and copying unless specifically exempted under one of several exemptions set forth in the Act. If a respondent believes any portion of its proposal is exempt from public disclosure or discussion under the Act, the respondent must provide a full explanation and mark such portion "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," and make it readily separable from the balance of the response. Proposals marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY" in their entirety will not be honored, and OCERS will not deny public disclosure of all or any portion of proposals so marked.

By submitting a proposal with material marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," a respondent represents it has a good faith belief that the material is exempt from disclosure under the Act; however, such designations will not necessarily be conclusive, and a respondent may be required to justify in writing why such material should not be disclosed by OCERS under the Act. Fee and pricing proposals are not considered "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY".

If OCERS receives a request pursuant to the Act for materials that a respondent has marked "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY," and if OCERS agrees that the material requested is not subject to disclosure under the Act, OCERS will either notify the respondent so that it can seek a protective order at its own cost and expense, or OCERS will deny disclosure of those materials. OCERS will not be held liable, however, for inadvertent disclosure of such materials, data, and information or for disclosure of such materials if deemed appropriate in OCERS' sole discretion. OCERS retains the right to disclose all information provided by a respondent.

If OCERS denies public disclosure of any materials designated as “TRADE SECRETS,” “CONFIDENTIAL,” or “PROPRIETARY”, the respondent agrees to reimburse OCERS for, and to indemnify, defend and hold harmless OCERS, its Boards, officers, fiduciaries, employees, and agents from and against:

1. Any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs, and expenses, including, without limitation, attorneys’ fees, expenses, and court costs of any nature whatsoever (collectively, “Claims”) arising from or relating to OCERS’ non-disclosure of any such designated portions of a proposal; and
2. Any and all Claims arising from or relating to OCERS’ public disclosure of any such designated portions of a proposal if OCERS determines disclosure is required by law, or if disclosure is ordered by a court of competent jurisdiction.

Section 11: Contract Negotiations

OCERS will propose a contract to the successful respondent, which will contain such terms as OCERS, in its sole discretion, may require. In addition, the selected firm will agree that this RFP and the firm’s proposal will be incorporated by reference into any resulting contract.

This RFP is not an offer to contract. Acceptance of a proposal neither commits OCERS to award a contract to any respondent, nor does it limit OCERS’ right to negotiate the terms of a contract in OCERS’ best interest, including the addition of terms not mentioned in this RFP. The final contract must, among other terms and conditions required by OCERS, allow OCERS to terminate the contract a) for OCERS’ convenience, b) if funds are not appropriated for the services to be provided, or c) for default.

By submitting a proposal without comment on the OCERS Services Agreement, respondent will be deemed to have agreed to each term in the OCERS Services Agreement, and to not seek any modifications to it. If respondent objects to any term in the OCERS Services Agreement or wishes to modify or add terms to the OCERS Services Agreement, the proposal must identify each objection and propose language for each modification and additional term sought. A rationale should be included for each objection, modification, or addition.

Section 12: Reservations by OCERS

In addition to the other provisions of this RFP, OCERS reserves the right to:

1. Cancel or modify this RFP, in whole or in part, at any time.
2. Make such investigation as it deems necessary to determine the respondent’s ability to furnish the required services, and the respondent agrees to furnish all such information for this purpose as OCERS may request.
3. Reject the proposal of any respondent who is not currently in a position to perform the contract, or who has previously failed to perform similar contracts properly, or in a timely manner, or for any other reason in OCERS’ sole discretion.
4. Waive irregularities, to negotiate in any manner necessary to best serve the public interest, and to make a whole award, multiple awards, a partial award, or no award.

5. Award a contract, if at all, to the firm which will provide the best match to the requirements of the RFP and the service needs of OCERS in OCERS' sole discretion, which may not be the proposal offering the lowest fees.
6. Request additional documentation or information from respondents, which may vary by respondent. OCERS may ask questions of any respondent to seek clarification of a proposal or to ensure the respondent understands the scope of the work or other terms of the RFP.
7. Reject any or all proposals submitted in response to this RFP.
8. Choose to not enter into an agreement with any of the respondents to this RFP or negotiate for the services described in this RFP with a party that did not submit a proposal.
9. Determine the extent, without limitation, to which the services of a successful respondent are or are not actually utilized.
10. Defer selection of a bidder to a time of OCERS' choosing.
11. Consider information about a respondent other than, and in addition to, that submitted by the respondent.

Exhibit A
Scope of Services

A. General

OCERS is soliciting the services of qualified firms of certified public accountants to audit its financial statements for a three year term commencing with the year ending December 31, 2021 and continuing for the next two years ending December 31, 2022 and December 31, 2023. OCERS shall have the right, at its sole option, to renew the contract, on an annual basis, for up to an additional three (3) years.

OCERS is a cost-sharing multiple-employer, defined benefit pension plan consisting of the following participating employers:

City of San Juan Capistrano
County of Orange
Orange County Cemetery District
Orange County Children & Families Commission
Orange County Employees Retirement System
Orange County Fire Authority
Orange County In-Home Supportive Services Public Authority
Orange County Local Agency Formation Commission
Orange County Public Law Library
Orange County Sanitation District
Orange County Transportation Authority
Superior Court of California, County of Orange
Transportation Corridor Agencies

Orange County Department of Education, UCI Medical Center, Capistrano Beach Sanitary District, Cypress Recreation & Parks District, Orange County Mosquito and Vector Control District and the City of Rancho Santa Margarita are no longer active employers, but retired members and their beneficiaries, as well as deferred members, remain in the System.

Plan retirement benefits are tiered based upon date of OCERS membership. Tier I members who were hired prior to September 21, 1979 use their highest twelve months of earnings to determine their retirement allowance. Tier II members hired on or after September 21, 1979 use their highest thirty-six months of earnings to determine their retirement allowance.

Rate Groups are a collection of members who are or were employed by employers that offer similar pension benefit formula(s). Rate Groups exist for the purpose of risk-pooling. The contribution rates developed by the actuary for each Rate Group should, in the long-term, fairly and accurately reflect the benefit plan offered/promised to members in each group. Rate Groups are determined by employer, bargaining unit and benefit plan. For more information about OCERS Rate Group and the various benefit plans offered please refer to the OCERS Comprehensive Annual Financial Report (Annual Report) at <https://www.ocers.org/financial-reports>.

In addition to the above mentioned defined benefit plan, OCERS serves as trustee for the County of Orange (County) and Orange County Fire Authority (OCFA) postemployment health care plan trusts established under Internal Revenue Code section 401(h) which are reported as other postemployment benefit trust funds in OCERS' financial statements. These funds are commingled with pension trust

assets for investment purposes and used exclusively to pay health allowances to eligible retired members of the County and OCFA. The trust funds are financed by employer contributions from the County and the OCFA. The County and OCFA have financial reporting responsibility of the retiree medical plans, including financial statement disclosures and required supplementary information regarding the retiree medical plans funded status and contributions, in accordance with GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*.

OCERS also provides investment advisory services to the Orange County Transportation Authority Health Care Plan pursuant to an agreement established in accordance with Internal Revenue Code section 115. Investments in this plan are not commingled with those of the pension plan and 401(h) plan trusts, but rather are invested in separately managed index funds and recorded as a Custodial Fund in OCERS' financial statements under the financial reporting provisions of GASB Statement No. 84, *Fiduciary Activities*.

B. Scope of Audit

The selected independent auditor will be required to perform the audit with the objective of expressing an opinion about whether OCERS' financial statements are fairly represented, in all material aspects, in conformity with auditing standards generally accepted in the United States of America and all applicable federal and state laws, regulations and rules. In conjunction with the financial statement audit, the auditor will be required to perform an audit of schedules related to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* (GASB 68), with the objective of expressing an opinion about whether these schedules are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States.

As part of the audit engagement, the auditor will be required to present a report on the fair presentation of the financial statements and separately the GASB 68 schedules to the OCERS' Audit Committee and, if necessary, to the full Board of Retirement. The auditor will also be expected to communicate findings of any significant deficiencies and material weaknesses in internal controls in a written report to the Audit Committee. The minimum number of meetings the auditor will be expected to attend includes two Audit Committee meetings and one Board of Retirement meeting. The auditor may be requested to attend additional meetings if needed.

C. Auditing Standards to be Followed

To meet the requirements of this request for proposal, the audit shall be performed in accordance with 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 and the provisions contained within this request for proposal. The auditor will utilize all applicable components of these standards in auditing, preparing and reporting on the financial statements of OCERS.

D. Working Paper Retention

All working papers and reports must be retained at the auditor's expense for a minimum of five (5) years, unless the firm is notified by OCERS of the need to extend the retention period. The auditor will be required to make working papers available to OCERS upon request. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

E. Irregularities and Illegal Acts

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the OCERS' Audit Committee.

F. Special Considerations

OCERS participates in the GFOA's Certificate of Achievement for Excellence in Financial Reporting program. The auditor will review OCERS' Annual Report for compliance with the program. OCERS may also require additional services or advice to ensure new Government Accounting Standards Board (GASB) reporting requirements are properly applied.

G. Staff Availability

OCERS accounting and finance personnel will be available to the audit team. Staff will prepare reports and documents as requested by the audit team on a timely basis. OCERS prepared schedules and reports will include, but are not limited to, the following:

1. Preliminary Trial Balance and Financial Statements
2. Reconciled subsidiary ledgers and accounts
3. Bank Reconciliations
4. Confirmations
5. Analytical review
6. Note Disclosures

H. Work Area

Work will be performed at OCERS headquarters in a functional work area, the firm offices, or by remote access. OCERS will provide the audit team with necessary equipment and read-only access to the relevant systems' applications.

I. Report Preparation

The preparation and detail review of the Annual Report will be completed by the finance staff. OCERS intends to engage a graphic design firm to produce the Annual Report which will be printed and digitally published.

Exhibit B
MINIMUM QUALIFICATIONS CERTIFICATION

All firms submitting a proposal in response to this RFP are required to sign and return this attachment, along with written evidence of how the respondent meets each qualification.

The undersigned hereby certifies that it fulfills the minimum qualifications outlined below, as well as the requirements contained in the RFP.

Minimum Qualifications include:

1. The firm should have at least five (5) years prior experience in auditing governmental agencies and/or public pension funds.
2. The Engagement Partner must be licensed to practice in the State of California as a certified public accountant, and must demonstrate a strong knowledge of governmental accounting and auditing requirements based on prior experience leading audits of governmental agencies, or large pension or retirement systems with at least \$1 billion in plan net assets.
3. The firm should be licensed to practice in the state of California and be in good standing with the state.

The undersigned hereby certifies that they are an individual authorized to bind the Firm contractually, and said signature authorizes verification of this information.

Authorized Signature

Date

Name and Title (please print)

Name of Firm

Exhibit C

PROPOSAL COVER PAGE AND CHECK LIST (TO BE SUBMITTED IN FIRM'S LETTERHEAD)

Respondent Name:

Respondent Address:

By submitting this response, the undersigned hereby affirms and represents that they have reviewed the proposal requirements and have submitted a complete and accurate response to the best of their knowledge. By signing below, I hereby affirm that the respondent has reviewed the entire RFP and intends to comply with all requirements.

Respondent specifically acknowledges the following:

1. Respondent possesses the required technical expertise and has sufficient capacity to provide the services outlined in the RFP.
2. Respondent has no unresolved questions regarding the RFP and believes that there are no ambiguities in the scope of services.
3. The fee schedule submitted in response to the RFP is for the entire scope of services and no extra charges or expenses will be paid by OCERS.
4. Respondent has completely disclosed to OCERS all facts bearing upon any possible interests, direct or indirect, that Respondent believes any member of OCERS, or other officer, agent, or employee of OCERS presently has, or will have, in this contract, or in the performance thereof, or in any portion of the profits thereunder.
5. Materials contained in the proposal and all correspondence and written questions submitted during the RFP process are subject to disclosure pursuant to the California Public Records Act.
6. Respondent is not currently under investigation by any state or federal regulatory agency for any reason.
7. Except as specifically noted in the proposal, respondent agrees to all of the terms and conditions included in OCERS Services Agreement.
8. The signatory below is authorized to bind the respondent contractually.

Exhibit D

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM AGREEMENT FOR SERVICES

This Agreement for Services ("Agreement") is entered into this [REDACTED] day of [REDACTED], 20[REDACTED] (the "Effective Date") by and between the Orange County Employees Retirement System, ("OCERS") and [REDACTED] ("Contractor"). OCERS and Contractor are sometimes individually referred to as "Party" and collectively as "Parties." The Parties hereby agree as follows:

1. PURPOSE.

1.1 Project.

Contractor desires to perform and assume responsibility for the provision of certain services required by OCERS on the terms and conditions set forth in this Agreement and OCERS desires to engage Contractor to render such services for **financial auditing services** as set forth in this Agreement and its attached exhibits.

2. TERMS.

2.1 Scope of Services. Contractor promises and agrees to furnish to OCERS all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply all services provided under this Agreement, ("Services") as more particularly described in the attached **Exhibit "A"** ("Scope of Services"). All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state, and federal laws, rules, and regulations. Contractor represents and warrants to OCERS that it will perform the Services in a professional and workmanlike manner, in accordance with best industry standards and practices used in well-managed operations performing services similar to the Services.

2.2 Term. The term of this Agreement shall commence upon the Effective Date and will continue for thirty-six (36) months from the Effective Date ("Initial Term"), unless earlier terminated as provided herein. The Parties may, by mutual written agreement, extend the Initial Term for up to three (3) additional twelve (12) month periods. In no event shall the total term of the Agreement exceed seventy-two (72) months.

2.3 Consideration.

2.3.1 Compensation. Contractor shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement as set forth in **Exhibit "B"** ("Fee Schedule").

2.3.2 Invoices and Payment. Contractor shall submit to OCERS monthly itemized invoices as required by Exhibit B, “Fee Schedule.” OCERS shall pay all approved charges within net thirty (30) days of receiving such invoice.

2.4 Responsibilities of Contractor.

2.4.1 Independent Contractor. The Services shall be performed by Contractor or by Contractor’s employees under Contractor’s supervision. Contractor will determine the means, methods, and details of performing the Services subject to the requirements of this Agreement. Contractor is an independent contractor and not an employee of OCERS. Except as OCERS may agree in writing, Contractor shall have no authority, expressed or implied, to act on behalf of OCERS in any capacity whatsoever as an agent of OCERS. Any additional personnel performing the Services under this Agreement on behalf of Contractor will also not be employees of OCERS and will at all times be under Contractor’s exclusive direction and control.

2.4.2 Payment of Subordinates. Contractor will pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Contractor shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers’ compensation insurance.

2.4.3 Licensing. Contractor represents that it, its employees and subcontractors have all licenses, permits, qualifications, and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement.

2.4.4 Conformance to Applicable Requirements. All work prepared by Contractor shall be subject to the approval of OCERS.

2.4.5 Substitution of Key Personnel. *Contractor has represented to OCERS that certain key personnel will perform and coordinate the Services under this Agreement (“Key Personnel”). The Key Personnel assigned to this Agreement are identified in the attached Exhibit “C” (“Key Personnel”). Key Personnel will be available to perform Services under the terms and conditions of this Agreement immediately upon commencement of the term of this Agreement. Should one or more of such Key Personnel become unavailable, Contractor may substitute other personnel of at least equal competence upon written approval of OCERS. Contractor shall provide OCERS written notification detailing the circumstances of the unavailability of the Key Personnel and designating replacement personnel prior to the effective date of the unavailability of such Key Personnel, to the maximum extent feasible, but no later than five (5) business days after the date of the Key Personnel’s unavailability. OCERS will have the right to approve or disapprove the reassignment or substitution of Contractor Key Personnel for any reason at OCERS’ sole discretion. In the event that OCERS and Contractor cannot agree as to the substitution of Key Personnel, OCERS will be entitled to terminate this Agreement for cause.*

2.4.6 Removal of Key Personnel. Contractor agrees to remove any Key Personnel from performing work under this Agreement within twenty-four (24) hours or as soon thereafter as is practicable if reasonably requested to do so by the OCERS.

2.4.7 Laws and Regulations. Contractor shall keep itself fully informed of and in compliance with all local, state, and federal laws, rules, and regulations in any manner affecting the performance of the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Contractor shall be liable for all violations of such laws and regulations in connection with Services. If the Contractor performs any work knowing it to be contrary to such laws, rules, and regulations, Contractor shall be solely responsible for all costs arising therefrom.

2.4.8 Labor Code Provisions.

(a) Prevailing Wages. Contractor is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq. ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Contractor agrees to fully comply with such Prevailing Wage Laws. Contractor shall comply with all prevailing wage requirements under the California Labor Code and Contractor shall forfeit as penalty to OCERS a sum of not more than \$200.00 for each calendar day, or portion thereof, for each worker paid less than the prevailing rates. This penalty shall be in addition to any shortfall in wages paid. OCERS has obtained the general prevailing rate of wages, as determined by the Director of the Department of Industrial Relations ("DIR"), a copy of which is on file in OCERS's office and shall be made available for viewing to any interested party upon request. Contractor shall make copies of the prevailing rates of per diem wages for each craft, classification, or type of worker needed to execute the Services available to interested parties upon request and shall post copies at the Contractor's principal place of business and at the site where Services are performed.

(b) Registration and Labor Compliance. If the Services are being performed as part of an applicable "public works" or "maintenance" project, then, in addition to the foregoing, pursuant to Labor Code sections 1725.5 and 1771.1, Contractor and all subcontractors must be registered with the DIR. Contractor shall maintain registration for the duration of this Agreement and require the same of any subcontractors. The Services may also be subject to compliance monitoring and enforcement by the DIR. It shall be Contractor's sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR.

(c) Labor Certification. By its signature hereunder, Contractor certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to

undertake self-insurance in accordance with the provisions of that Code and agrees to comply with such provisions before commencing the performance of the Services.

2.4.9 Accounting Records. Contractor shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Contractor shall allow a representative of OCERS during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Contractor shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of four (4) years from the date of final payment under this Agreement.

2.5 Representatives of the Parties.

2.5.1 OCERS' Representative. OCERS hereby designates its Chief Executive Officer, or their designee, to act as its representative for the performance of this Agreement ("OCERS' Representative"). Contractor shall not accept direction or orders from any person other than the OCERS' Representative.

2.5.2 Contractor's Representative. Contractor hereby designates [name or title], or their designee, to act as its representative for the performance of this Agreement ("Contractor's Representative"). Contractor's Representative shall have full authority to represent and act on behalf of the Contractor for all purposes under this Agreement. The Contractor's Representative shall supervise and direct the Services, using their best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

2.6 Indemnification.

To the fullest extent permitted by law, Contractor shall immediately indemnify and hold OCERS, the members of the OCERS Board of Retirement (each a "Board member"), and OCERS' officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage, or injury of any kind, in law or equity, to property or persons, including wrongful death (collectively, "Indemnity Claims"), in any manner arising out of, pertaining to, or incident to any alleged acts, errors, omissions, or negligence of Contractor, its officials, officers, employees, subcontractors, contractors, or agents in connection with the performance of the Services, or this Agreement, including without limitation the payment of all consequential damages, and attorneys' fees and costs, including expert witness fees. Contractor's duty to indemnify does not extend to the Indemnity Claims caused by OCERS sole negligence or willful misconduct.

Contractor shall immediately defend, with legal counsel reasonably agreed to by OCERS and at Contractor's own cost, expense, and risk, any and all claims, suits, actions, or other proceedings of every kind that may be brought or instituted against OCERS or its Board members, officials, officers, employees, volunteers, and agents; excluding, however, such

claims, suits, actions, or other proceedings arising from OCERS' sole negligence or willful misconduct. Contractor shall control the defense or settlement of any such action, except that Contractor will not have the right to settle or compromise the claim without the consent of OCERS. Contractor shall pay and satisfy any judgment, award, or decree that may be rendered against OCERS or its Board members, officials, officers, employees, volunteers, and agents as part of any such claim, suit, action, or other proceeding. Contractor shall also reimburse OCERS for the cost of any settlement paid by OCERS or its Board members, officials, officers, employees, agents, or volunteers as part of any such claim, suit, action, or other proceeding. Such reimbursement shall include payment for OCERS' attorneys' fees and costs, including expert witness fees. Contractor's obligation to defend and indemnify shall survive expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by OCERS, its Board, officials, officers, employees, agents, or volunteers.

Notwithstanding the foregoing, to the extent the Services are subject to Civil Code Section 2782.8, the above indemnity and duty to defend shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Contractor.

2.7 Insurance

2.7.1 Time for Compliance. Contractor shall not commence work under this Agreement until it has provided evidence satisfactory to OCERS that it has secured all insurance required under this Section 2.7. In addition, Contractor shall not allow any subcontractor to commence work on any subcontract until Contractor has provided evidence satisfactory to OCERS that the subcontractor has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the OCERS to terminate this Agreement for cause.

2.7.2 Minimum Requirements. Contractor shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Contractor, its agents, representatives, employees, or subcontractors. Contractor shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(a) Commercial General Liability. Coverage for commercial general liability insurance shall be at least as broad as Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001). Contractor shall maintain limits no less than two million dollars (\$2,000,000) per occurrence, or the full per occurrence limits of the policies available, whichever is greater, for bodily injury, personal injury, and property damage. If Commercial General Liability Insurance or other form with general aggregate limit or product-completed operations aggregate limit is used, including but not limited to form CG 2503, either the general aggregate limit shall apply separately to this Agreement or the general aggregate limit shall be twice the required occurrence limit.

(b) Automobile Liability. Coverage shall be at least as broad as the latest version of the Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto). Contractor shall maintain limits no less than one million dollars (\$1,000,000) per accident for bodily injury and property damage. The automobile liability policy shall cover all owned, non-owned, and hired automobiles.

(c) Workers' Compensation and Employer's Liability Insurance. Contractor shall maintain Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance in an amount no less than one million dollars (\$1,000,000) per accident for bodily injury or disease. The insurer shall agree to waive all rights of subrogation against OCERS, its Board of Trustees, officials, officers, employees, agents, and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Contractor.

(d) Professional Liability. Contractor shall procure and maintain, and require its subcontractors to procure and maintain, for a period of five (5) years following the termination or expiration of this Agreement, errors and omissions liability insurance appropriate to their profession covering Contractor's wrongful acts, negligent actions, errors, or omissions. The retroactive date (if any) is to be no later than the effective date of this Agreement. Contractor shall purchase a one-year extended reporting period: i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement. Such insurance shall be in an amount not less than two million dollars (\$2,000,000) per claim.

(e) Excess Liability. The limits of insurance required in this Agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess coverage shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of OCERS (if agreed to in a written contract or agreement) before OCERS's own primary or self-insurance shall be called upon to protect it as a named insured. The policy shall be endorsed to state that OCERS, its Board, officials, officers, employees, agents, and volunteers shall be covered as additional insured at least as broad a form as CG 20 10 11 85 or the latest versions of both CG 20 10 and CG 20 37. The coverage shall contain no special limitations on the scope of protection afforded to OCERS, its Board, officials, officers, employees, agents, and volunteers.

2.7.3 All Coverages. The general liability and automobile liability policy shall include or be endorsed to state that: (1) OCERS, its Board, officials, officers, employees, agents, and volunteers shall be covered as additional insured with respect to work by or on behalf of the Contractor, including materials, parts, or equipment furnished in connection with such work using as broad a form as CG 20 10 11 85 or the latest versions of both CG 20 10 and CG 20 37; and (2) the insurance coverage shall be primary insurance as respects the OCERS, its directors, officials, officers, employees, agents, and volunteers using as broad a form as CG 20 01 04 13, or if excess, shall stand in an unbroken chain of coverage excess of the Contractor's scheduled

underlying coverage. Any insurance or self-insurance maintained by OCERS, its Board members, officials, officers, employees, agents, and volunteers shall be excess of the Contractor's insurance and shall not be called upon to contribute with it in any way.

(a) The insurance policies required above shall contain or be endorsed to contain the following specific provisions:

(i) The policies shall contain a waiver of transfer rights of recovery ("waiver of subrogation") against OCERS, its Board members, officers, employees, agents, and volunteers, for any claims arising out of the work of Contractor.

(ii) Policies may provide coverage which contains deductible or self-insured retentions. Such deductible and/or self-insured retentions shall not be applicable with respect to the coverage provided to OCERS under such policies. Contractor shall be solely responsible for deductible and/or self-insured retention and OCERS, at its option, may require Contractor to secure the payment of such deductible or self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit. The insurance policies that contain deductibles or self-insured retentions in excess of \$25,000 per occurrence shall not be acceptable without the prior approval of OCERS.

(iii) Prior to start of work under this Agreement, Contractor shall file with OCERS evidence of insurance as required above from an insurer or insurers certifying to the required coverage. The coverage shall be evidenced on a certificate of insurance signed by an authorized representative of the insurer(s).

(iv) Each policy required in this section shall contain a policy cancellation clause that provides the policy shall not be cancelled or otherwise terminated by the insurer or the Contractor or reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to OCERS, Attention: **Jim Doezie**

(v) Insurance required by this Agreement shall be placed with insurers licensed by the State of California to transact insurance business of the types required herein. Each insurer shall have a current Best Insurance Guide rating of not less than A: VII unless prior approval is secured from OCERS as to the use of such insurer.

(vi) Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

2.7.4 Reporting of Claims. Contractor shall report to OCERS, in addition to Contractor's insurer, any and all insurance claims submitted by Contractor in connection with the Services under this Agreement.

2.8 Termination of Agreement. OCERS may, by written notice to Contractor, terminate the whole or any part of this Agreement without liability to OCERS if Contractor fails to perform or breaches any of the terms contained herein. In addition, either Party may terminate this Agreement for any reason or for no reason on thirty (30) days' written notice to the other Party. Upon termination, Contractor shall be compensated only for those Services that have been performed and delivered to OCERS' satisfaction, and Contractor shall be entitled to no further compensation.

2.9 Ownership of Materials and Confidentiality.

2.9.1 **Documents & Data; Licensing of Intellectual Property.** This Agreement creates a non-exclusive and perpetual license for OCERS to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Contractor under this Agreement ("Documents & Data"). Contractor shall deliver to OCERS on demand or upon the termination or expiration of this Agreement, all such Documents & Data which shall be and remain the property of the OCERS. If OCERS uses any of the data, reports, and documents furnished or prepared by Contractor for use in Services other than as shown on Exhibit A, Contractor shall be released from responsibility to third parties concerning the use of the data, reports, and documents. Contractor may retain copies of the materials. OCERS may use or reuse the materials prepared by Contractor without additional compensation to Contractor.

2.9.2 **Confidential Information.** Any financial, statistical, personal, technical, and other data and information relating to a Party's operations which are made available to the other Party in order to carry out this Agreement shall be reasonably protected by such other Party from unauthorized use, except to the extent that disclosure thereof is required to comply with applicable law, including the California Public Records Act. The disclosing Party shall identify all confidential data and information at the time it is provided. Confidentiality does not apply to information which is known to a receiving Party from other sources, which is otherwise publicly available, or which is required to be disclosed pursuant to an order or requirements of a regulatory body or a court.

2.9.3 **Customer Data.** Contractor acknowledges that it may receive confidential information from OCERS or otherwise in connection with this Agreement or the performance of the Services, including personally identifiable information of OCERS' customers ("Customer Data"). Except for information in the public domain, unless such information falls into the public domain by disclosure or other acts of OCERS or through the fault of OCERS, Contractor agrees:

- (a) To maintain Customer Data in confidence;

- Agreement;
- (b) Not to use Customer Data other than in the course of this Agreement;
 - (c) Not to disclose or release Customer Data except on a need-to-know only basis;
 - (d) Not to disclose or release Customer Data to any third person without the prior written consent of OCERS, except for authorized employees or agents of Contractor;
 - (e) To promptly notify OCERS in writing of any unauthorized release of confidential information, including Customer Data;
 - (f) To take all appropriate action, whether by instruction, agreement or otherwise, to ensure that third persons with access to the information under the direction or control or in any contractual privity with Contractor, do not disclose or use, directly or indirectly, for any purpose other than for performing the Services during or after the term of this Agreement, any confidential information, including Customer Data, without first obtaining the written consent of OCERS;
 - (g) Upon request by OCERS and upon the termination or expiration of this Agreement for any reason, Contractor shall promptly return to OCERS all copies, whether in written, electronic, or other form or media, of Customer Data in its possession or in the possession of its employees or agents, or securely dispose of all such copies, and certify in writing to OCERS that such Customer Data has been returned to OCERS or disposed of securely; and
 - (h) That the requirements in this Section 2.9.3 shall survive the expiration or termination of this Agreement.

2.9.4 Disclosure. Except as may be required by applicable law, neither Party shall make any disclosure of any designated confidential information related to this Agreement without the specific prior written approval from the other of the content to be disclosed and the form in which it is disclosed, except for such disclosures to the Parties' financing sources, other secured parties, creditors, beneficiaries, partners, members, officers, employees, agents, consultants, attorneys, accountants, and exchange facilitators as may be necessary to permit each Party to perform its obligations hereunder and as required to comply with applicable laws or rules of any exchange upon which a Party's shares may be traded. Notwithstanding the foregoing, nothing contained herein shall be deemed to restrict or prohibit OCERS from complying with applicable law regarding disclosure of information, including the California Public Records Act.

2.9.5 Publicity. Contractor shall not use OCERS' name or insignia, photographs of OCERS property, or any publicity pertaining to the Services in any

advertisement, magazine, trade paper, newspaper, television, or radio production, or other similar medium without the prior written consent of OCERS.

2.10 Subcontracting/Subconsulting.

2.10.1 Prior Approval Required. Contractor shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of OCERS. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement. Contractor will be solely responsible for the payment of all subcontractors and other third parties engaged by or through Contractor to provide, perform, or assist in the provision and delivery of the Services.

3. General Provisions.

3.1.1 Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective Parties may provide in writing for this purpose:

OCERS:

**Orange County Employees Retirement System
2223 E. Wellington Avenue
Santa Ana, CA 92701
Attention: Jim Doezie
e-mail: jdoezie@ocers.org**

Contractor:

Such notice shall be deemed made when personally delivered or when mailed, upon deposit in the U.S. Mail, first class postage prepaid and registered or certified addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.1.2 Equal Opportunity Employment. Contractor represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee, or applicant for employment because of race, religion, color, national origin, ethnic group identification, mental disability, physical disability, medical condition, genetic information, marital status, ancestry, sex, gender, sexual orientation, gender identity, gender expression, age, or military and veteran status. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, or termination.

3.1.3 Time of Essence. Time is of the essence for each and every provision of this Agreement. The acceptance of late performance shall not waive the right to claim damages for such breach nor constitute a waiver of the requirement of timely performance of any obligations remaining to be performed.

3.1.4 OCERS' Right to Employ Other Contractors. OCERS reserves the right to employ other contractors in connection with the Services.

3.1.5 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

3.1.6 Assignment or Transfer. Contractor shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of OCERS.

3.1.7 Amendment. This Agreement may not be altered or amended except in a writing signed by both Parties.

3.1.8 Waiver. All waivers under this Agreement must be in writing to be effective. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition.

3.1.9 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.1.10 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.1.11 Governing Law; Venue. This Agreement shall be governed by the laws of the State of California. The exclusive venue for any dispute arising out of or relating to this Agreement shall be in Orange County, California.

3.1.12 Attorneys' Fees. If either Party commences an action against the other Party, either legal, administrative, or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and all other costs of such action.

3.1.13 Authority to Enter Agreement. Contractor has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.1.14 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.1.15 Integration. This Agreement represents the entire understanding of OCERS and Contractor as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. Neither Party shall be deemed to be the drafter of this Agreement and no presumption for or against the drafter shall be applicable in interpreting or enforcing this Agreement.

3.1.16 Precedence. In the event of any conflict, inconsistency, or ambiguity between the terms and conditions in the main body of this Agreement and the terms and conditions in any exhibit, the main body of this Agreement shall control. This Agreement and all attached exhibits will be construed to be consistent, insofar as reasonably possible. When interpreting this Agreement, precedence shall be given to its respective parts and amendments in the following descending order:

- (a) Amendments to this Agreement entered into pursuant to Section 3.1.7 herein.
- (b) This Agreement.
- (c) Exhibit A: Scope of Services, Exhibit B: Fee Schedule, and Exhibit C: Key Personnel.
- (d) OCERS Request for Proposal dated July, 2021, attached as Exhibit "D".
- (e) Contractor's Response to OCERS Request for Proposal, attached as Exhibit "E".

IN WITNESS WHEREOF, the Parties hereby have caused this Agreement to be executed on the Effective Date:

APPROVED:

OCERS

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

APPROVED:

[CONTRACTOR]

By: _____
Name: _____
Title: _____

EXHIBIT A

SCOPE OF SERVICES

Starting on the Effective Date, and continuing during the Term, Contractor will perform the Services in accordance with the terms of the Agreement. The Services consist of:

Auditing the financial statements of OCERS and the related notes to the financial statements, which collectively comprise the basic financial statements of OCERS as of and for the years ended December 31, 2021, 2022, and 2023, with an option to renew the contract, on an annual basis, for up to an additional three (3) years. The objective of the audit is to express an opinion about whether OCERS' financial statements are fairly represented, in all material aspects, in conformity with auditing standards generally accepted in the United States of America and all applicable federal and state laws, regulations and rules. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement OCERS' basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

As part of the engagement, Contractor will apply certain limited procedures to OCERS' RSI in accordance with auditing standards general accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to your inquiries, the basic financial statements, and other knowledge you obtained during your audit of the basic financial statements. Contractor will not express an opinion or provide any assurance on the information because the limited procedures do not provide you with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of Changes in Net Pension Liability of Participating Employers
3. Schedule of Investment Returns
4. Schedule of Employer Contributions
5. Notes to the Required Supplementary Information
6. Significant Factors Affecting Trends in Actuarial Information – Pension Plan

Contractor will also be engaged to report on supplementary information other than RSI that accompanies OCERS' financial statements. Contractor will subject the following supplementary information to the audited procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of American and Contractor will provide an opinion on it in relation to the financial statements as a whole:

1. Schedule of Contributions
2. Schedule of Administrative Expenses
3. Schedule of Investment Expenses
4. Schedule of Payments for Professional Services

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in the audit of the financial statements, and the auditor's report will not provide an opinion or any assurance on that other information:

1. Introductory Section
2. Investment Section
3. Actuarial Section
4. Statistical Section

In conjunction with the financial statement audit, the auditor will be required to perform an audit of schedules related to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* (GASB 68). The objective of the audit is to express an opinion about whether these schedules, the employer allocations and the total for all employers of the rows titled deferred outflows of resources, deferred inflows of resources, net pension liability (asset) and total pension expense excluding employer-paid member contributions (specified row totals) included in the Schedule of Allocated Pension Amounts by Employer of the Orange County Employees Retirement System Cost-Sharing Multiple-Employer Defined Benefit Pension Plan and the related notes, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States.

As part of the audit engagement, the auditor will be required to present a report on the fair presentation of the financial statements and separately the GASB 68 schedules to the OCERS' Audit Committee and, if necessary, to the full Board of Retirement. The auditor will also be expected to communicate findings of any significant deficiencies and material weaknesses in internal controls in a written report to the Audit Committee. The minimum number of meetings the auditor will be expected to attend includes two Audit Committee meetings and one Board of Retirement meeting. The auditor may be requested to attend additional meetings if needed.

The audit of the year ended December 31, 2021 is expected to begin on approximately April 4, 2022 and reports issued no later than June 3, 2022.

EXHIBIT B FEE SCHEDULE

1. **Fees and Expenses.** Contractor agrees to accept the compensation set forth in this Exhibit B as full payment for performing all Services, including all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the Services, for risks connected with the Services, and for performance by Contractor of all its duties and obligations under the Agreement. OCERS will pay the following fees in accordance with the provisions of this Agreement:
 - XXXX
 - *[provision for expense reimbursement]*
2. **Payment Terms – Payment in Arrears:** Invoices are to be submitted in arrears to OCERS unless otherwise directed in this Agreement. Payment by OCERS will be net thirty (30) days after receipt and approval of an invoice in a format acceptable to OCERS.
3. **Payment – Invoicing Instructions:** Contractor will provide an invoice on the Contractor's letterhead for services rendered under this Agreement. Each invoice will have a number and will include the following information:
 - a. Contractor's name and address
 - b. Contractor's remittance address, if different from item #1 above
 - c. Contractor's Taxpayer ID Number
 - d. Name of OCERS Agency/Department
 - e. Delivery/service address
 - f. Agreement number
 - g. Agency/Department's Account Number
 - h. Date of invoice
 - i. Description and price of services provided
 - j. Sales tax, if applicable
 - k. Freight/delivery charges, if applicable
 - l. Total

Invoice and support documentation are to be forwarded to:

Orange County Employees Retirement System
2223 E. Wellington Avenue
Santa Ana, CA 92701
Attention: Accounts Payable
Email: Accountspayable@ocers.org

EXHIBIT C
KEY PERSONNEL

Exhibit D
Request for Proposal

Exhibit E
Response to Request for Proposal