NOTICE OF AWARD OF CONTRACT

TO: McGladrey, LLP
PO Box 15409
3120 Wellons Boulevard
New Bern, North Carolina 28562

DATE ISSUED: November 4, 2014

CURRENT REFERENCE NO: 581-15

CONTRACT TITLE: Internal Audit Services

THIS IS A NOTICE OF AWARD OF CONTRACT AND NOT AN ORDER. NO WORK IS AUTHORIZED UNTIL THE VENDOR RECEIVES A VALID COUNTY PURCHASE ORDER ENCUMBERING CONTRACT FUNDS.

Your firm is awarded the above referenced contract. The contract term covered by this Notice of Award is effective IMMEDIATELY and expires on July 30, 2015.

The contract documents consist of the terms, conditions, and specifications of Prince William County Contract No. 13071NA4 and the bid of the Contractor incorporated herein by reference.

ATTACHMENTS:
RIDER AGREEMENT NO. 581-15.

CONTRACT PRICING:
REFER TO ATTACHED PRICING

EMPLOYEES NOT TO BENEFIT:
NO COUNTY EMPLOYEE SHALL RECEIVE ANY SHARE OR BENEFIT OF THIS CONTRACT NOT AVAILABLE TO THE GENERAL PUBLIC.

CONTACT: Lou Cannon

TELEPHONE NO.: 252-637-5154

FAX NO. 252-637-5383

CONTACT EMAIL: lou.cannon@mcgladrey.com

TELEPHONE NO.: 703-228-0757

COUNTY CONTACT: Maria Meredith

CONTRACT AUTHORIZATION 11/4/14

DISTRIBUTION

BID FOLDER: 1

Richard Warren, Jr., CFPB
PURCHASING AGENT
ARLINGTON COUNTY, VIRGINIA
OFFICE OF THE PURCHASING AGENT
2100 CLARENDON BOULEVARD, SUITE 500
ARLINGTON, VA 22201

AGREEMENT NO. 581-15

THIS RIDER AGREEMENT (hereinafter "Agreement") is made, on the date of its execution by the County, between McGladrey LLP, 3120 Wellons Boulevard, New Bern, North Carolina 28562 ("Contractor"), an Iowa limited liability partnership authorized to transact business in the Commonwealth of Virginia, and the County Board of Arlington County, Virginia ("County"). The County and the Contractor, for the consideration and quantity(ies) specified herein or specified in a County Purchase Order referencing this Agreement, agree as follows:

1. CONTRACT DOCUMENTS
The Contract Documents consist of this Agreement and Exhibit A (Scope of Services), Exhibit B (Pricing Schedule) and Exhibit C (Prince William County, Virginia Contract Number 13021NA4, incorporated herein by reference), (collectively, "Contract Documents" or "Contract").

This Agreement rides a competitive procurement process conducted by Prince William County, Virginia. The Contractor desires to extend to the County the same pricing as the Contractor’s agreement with Prince William County, Virginia.

Where the terms and provisions of this Agreement vary from the terms and provisions of the other Contract Documents, the terms and provisions of this Agreement shall prevail over the other Contract Documents and the remaining Contract Documents shall be complementary to each other and if there are any conflicts the most stringent terms or provisions shall prevail.

The Contract Documents set forth the entire agreement between the County and the Contractor. The County and the Contractor agree that no representative or agent of either of them has made any representation or promise with respect to the parties’ agreement which is not contained in the Contract Documents.

2. CONTRACT TERM
The Contractor’s provision of goods for the County ("Work") shall commence on the date of execution of this Agreement by the County and shall be completed no later than July 30, 2015 ("Initial Contract Term"), subject to any modifications as provided for in the Contract Documents.

Upon satisfactory performance by the Contractor, and with the concurrence of the Contractor, if Prince William County, Virginia renews their agreement identified in Exhibit B, the County may elect to renew this Agreement for two (2) - one (1) year periods under the same contract unit prices for not more than two (2) additional twelve (12) month period from July 31, 2015 to July 30, 2017 ("Subsequent Contract Term"). However, if
Prince William County, Virginia does NOT renew their agreement identified in Exhibit A, this Agreement shall automatically expire on the date of Prince William County, Virginia's contract expiration date.

3. CONTRACT PRICING
The County will pay the Contractor in accordance with the terms of the Payment paragraph below, at the unit prices set forth in Exhibit B for Work provided by the Contractor, as described and required in the Contract Documents, and accepted by the County.

4. SCOPE OF WORK
The Contractor agrees to provide the goods described in the Contract Documents. The primary purpose of the Work is to provide internal audit services, as more fully described in Exhibit A.

The Contract Documents set forth the minimum work estimated by the County and the Contractor to be necessary to complete the work. It shall be the Contractor's responsibility, at the Contractor's sole cost, to provide the specific Work set forth in the Contract Documents sufficient to fulfill the purposes of the Work. Nothing in the Contract Documents shall be construed to limit the Contractor's responsibility to manage the details and execution of the Work.

5. PROJECT OFFICER
The performance of the Contractor is subject to the review and approval of the County Project Officer ("Project Officer"), who shall be appointed by the Director of the Arlington County department or agency requesting the work under the Contract Documents. However, it shall be the responsibility of the Contractor to manage the details of the execution and performance of its work pursuant to the Contract Documents.

6. PAYMENT TERMS
Payment terms will be recorded by the County as Net thirty (30) days. The County will pay the Contractor within thirty (30) calendar days after the date of receipt of a correct, as determined by the Project Officer, invoice approved by the Project Officer describing completed work which is reasonable and allocable to the Contract, or the date of receipt of the entire order, or the date of acceptance of the work which meets the Contract requirements, whichever is later. Payments will be made by the County for goods or services furnished, delivered, inspected, and accepted upon receipt of invoices submitted on the date of shipment or delivery of service, subject to applicable payment terms. The number of the County Purchase Order pursuant to which authority shipments have been made or services performed shall appear on all invoices. Invoices shall be submitted in duplicate. Unless otherwise specified herein, payment shall not be made prior to delivery and acceptance of the entire order by the County.
7. **PAYMENT OF SUBCONTRACTORS**

The Contractor is obligated to take one of the two following actions within seven (7) days after receipt of amounts paid to the Contractor by the County for work performed by any subcontractor under this Contract:

a. Pay the subcontractor for the proportionate share of the total payment received from the County attributable to the work performed by the subcontractor under this Contract; or

b. Notify the County and the subcontractor, in writing, of the Contractor's intention to withhold all or a part of the subcontractor's payment with the reason for nonpayment.

The Contractor is obligated to pay interest to the subcontractor on all amounts owed by the Contractor to the subcontractor that remain unpaid after seven (7) calendar days following receipt by the Contractor of payment from the County for work performed by the subcontractor under this Contract, except for amounts withheld as allowed in subsection b., above. Unless otherwise provided under the terms of this Contract, interest shall accrue at the rate of one percent (1%) per month.

The Contractor shall include in each of its subcontracts, if any are permitted, a provision requiring each subcontractor to include or otherwise be subject to the same payment and interest requirements as those contained herein with respect to each lower-tier subcontractor.

The Contractor's obligation to pay an interest charge to a subcontractor pursuant to this section may not be construed to be an obligation of the County. A Contract modification may not be made for the purpose of providing reimbursement for such interest charge. A cost reimbursement claim may not include any amount for reimbursement for such interest charge.

8. **NON-APPROPRIATION**

All funds for payments by the County to the Contractor pursuant to this Contract are subject to the availability of an annual appropriation for this purpose by the County Board of Arlington County, Virginia. In the event of non-appropriation of funds by the County Board of Arlington County, Virginia for the goods or services provided under this Contract or substitutes for such goods or services which are as advanced or more advanced in their technology, the County will terminate the Contract, without termination charge or other liability to the County, on the last day of the then-current fiscal year or when the appropriation made for the then-current year for the services covered by this Contract is spent, whichever event occurs first. If funds are not appropriated at any time for the continuation of this Contract, cancellation will be accepted by the Contractor on thirty (30) days prior written notice, but failure to give such notice shall be of no effect and the County shall not be obligated under this Contract beyond the date of termination specified in the County's written notice.

9. **COUNTY PURCHASE ORDER REQUIREMENT**

County purchases are authorized only if a County Purchase Order is issued in
advance of the transaction, indicating that the ordering agency has sufficient funds available to pay for the purchase. Such a Purchase Order is to be provided to the Contractor by the ordering agency. The County will not be liable for payment for any purchases made by its employees without appropriate purchase authorization issued by the County Purchasing Agent. If the Contractor provides goods or services without a signed County Purchase Order, it does so at its own risk and sole expense.

12. **EMPLOYMENT DISCRIMINATION BY CONTRACTOR PROHIBITED**
During the performance of this Contract, the Contractor agrees as follows:

a. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability or any other basis prohibited by federal or Virginia law related to discrimination in employment except where there is a bona fide occupational qualification reasonably necessary or related to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

b. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that the Contractor is an Equal Opportunity Employer.

c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

d. The Contractor will comply with the provisions of the Americans with Disabilities Act of 1990 which prohibits discrimination against individuals with disabilities in employment, and mandates their full participation in both publicly and privately-provided services and activities.

e. The Contractor will include the provisions of the foregoing paragraphs in every subcontract or purchase order of over $10,000.00, so that these provisions will apply to each subcontractor or vendor.

13. **EMPLOYMENT OF UNAUTHORIZED ALIENS PROHIBITED**
In accordance with § 2.2-4311.1 of the Code of Virginia, 1950, as amended, the Contractor acknowledges that it does not, and shall not during the performance of this Contract, knowingly employ an unauthorized alien as that term is defined in the federal Immigration Reform and Control Act of 1986.

14. **DRUG-FREE WORKPLACE TO BE MAINTAINED BY CONTRACTOR**
During the performance of this Contract, the Contractor agrees to (i) provide a drug-free workplace for the Contractor's employees; (ii) post in conspicuous
places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of marijuana or any other controlled substance is prohibited in the Contractor's workplace, and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over $10,000.00 relating to this Contract, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a contractor by Arlington County, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

15. TERMINATION FOR CAUSE, INCLUDING BREACH AND DEFAULT; CURE
The Contract shall remain in force for the Initial Contract Term or any Subsequent Contract Term(s) and until the County determines that all the following requirements and conditions have been satisfactorily met: the County has accepted the Work, and thereafter until the Contractor has met all requirements and conditions relating to the Work under the Contract Documents, including warranty and guarantee periods. However, the County shall have the right to terminate this Contract sooner if the Contractor is in breach or default or has failed to perform satisfactorily the Work required, as determined by the County in its discretion.

If the County determines that the Contractor has failed to perform satisfactorily, then the County will give the Contractor written notice of such failure(s) and the opportunity to cure such failure(s) within at least fifteen (15) days before termination of the Contract takes effect ("Cure Period"). If the Contractor fails to cure within the Cure Period, or as otherwise specified in the notice, the Contract may be terminated for the Contractor's failure to provide satisfactory Contract performance. Upon such termination, the Contractor may apply for compensation for Contract services satisfactorily performed by the Contractor, allocable to the Contract and accepted by the County prior to such termination unless otherwise barred by the Contract ("Termination Costs"). In order to be considered, such request for Termination Costs, with all supporting documentation, must be submitted to the County Project Officer within fifteen (15) days after the expiration of the Cure Period. The County may accept or reject, in whole or in part, the application for Termination Costs and notify the Contractor of same within a reasonable time thereafter.

If the County terminates the Contract for default or breach of any Contract provision or condition, then the termination shall be immediate after notice from the County to the Contractor (unless the County in its discretion provides for an opportunity to cure) and the Contractor shall not be permitted to seek Termination Costs. Except as otherwise directed by the County in the notice, the Contractor shall stop work on the date of receipt.
of notice of the termination or other date specified in the notice, place no further orders or subcontracts for materials, services, or facilities except as are necessary for the completion of such portion of the Work not terminated, and terminate all vendors and subcontracts and settle all outstanding liabilities and claims. Any purchases after the date of termination contained in the notice shall be the sole responsibility of the Contractor.

In the event any termination for cause, default, or breach shall be found to be improper or invalid by any court of competent jurisdiction then such termination shall be deemed to have been a termination for convenience.

16. TERMINATION FOR THE CONVENIENCE OF THE COUNTY
The performance of Work under this Contract may be terminated by the County Purchasing Agent, in whole or in part, whenever the Purchasing Agent shall determine that such termination is in the County's best interest. Any such termination shall be effected by the delivery to the Contractor of a written notice of termination at least fifteen (15) days before the date of termination, specifying the extent to which performance of the work under this Contract is terminated and the date upon which such termination becomes effective. The Contractor will be entitled to receive compensation for all Contract services satisfactorily performed by the Contractor and allocable to the Contract and accepted by the County prior to such termination and any other reasonable termination costs as negotiated by the parties, but no amount shall be allowed for anticipatory profits.

After receipt of a notice of termination and except as otherwise directed, the Contractor shall stop all designated work on the date of receipt of the notice of termination or other date specified in the notice; place no further orders or subcontracts for materials, services or facilities except as are necessary for the completion of such portion of the work not terminated; immediately transfer all documentation and paperwork for terminated work to the County; and terminate all vendors and subcontracts and settle all outstanding liabilities and claims.

17. INDENIFICATION
As contained in Contract 13021NA4, dated July 30, 2012, entered into between Contractor and Prince William County, Section I, Special Provisions Section I.11, Hold Harmless, is specifically incorporated herein by reference.

The Contractor covenants for itself, its employees, and subcontractors to save, defend, hold harmless and indemnify the County, and all of its elected and appointed officials, officers, current and former employees, agents, departments, agencies, boards, and commissions (collectively the “County” for purposes of this section) from and against any and all claims made by third parties for any and all losses, damages, injuries, fines, penalties, costs (including court costs and attorney’s fees), charges, liability, demands or exposure, however caused, resulting from, arising out of, or in any way connected with the Contractor’s acts or omissions, including the acts or omissions of its employees and/or subcontractors, in performance or nonperformance of the work called for by the Contract.
Documents. This duty to save, defend, hold harmless and indemnify shall survive the termination of this Contract. If, after notice by the County, the Contractor fails or refuses to fulfill its obligations contained in this section, the Contractor shall be liable for and reimburse the County for any and all expenses, including, but not limited to, reasonable attorney's fees incurred and any settlements or payments made. The Contractor shall pay such expenses upon demand by the County and failure to do so may result in such amounts being withheld from any amounts due to Contractor under this Contract.

18. **LIMITATION OF LIABILITY**
As contained in Contract 13021NA4, dated July 30, 2012, entered into between Contractor and Prince William County, Section I, Special Provisions Section I.12, Limitation of Liability, is specifically incorporated herein by reference.

19. **CONFIDENTIAL INFORMATION**
The Contractor, and its employees, agents, and subcontractors, hereby agree to hold as confidential all County information obtained as a result of its Work under this Contract. Confidential information includes, but is not limited to, nonpublic personal information, personally identifiable health information, social security numbers, addresses, dates of birth, other contact information or medical information about a person, information pertaining to products, operations, systems, customers, prospective customers, techniques, intentions, processes, plans, expertise and any information entrusted to any affiliate of the parties. The Contractor shall take reasonable measures to ensure that all of its employees, agents, and subcontractors are informed of, and abide by, this requirement.

20. **ETHICS IN PUBLIC CONTRACTING**
This Contract incorporates by reference Article 9 of the Arlington County Purchasing Resolution, as well as any Virginia or federal law related to ethics, conflicts of interest, or bribery, including, by way of illustration and not limitation, the Virginia State and Local Government Conflict of Interests Act (Code of Virginia § 2.2-3100 et seq.), the Virginia Governmental Frauds Act (Code of Virginia § 18.2-498.1 et seq.), and Articles 2 and 3 of Chapter 10 of Title 18.2 of the Code of Virginia, as amended (§ 18.2-438 et seq.). The Contractor certifies that its offer was made without collusion or fraud and that it has not offered or received any kickbacks or inducements from any other bidder, supplier, manufacturer, or subcontractor and that it has not conferred on any public employee having official responsibility for this procurement any payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised unless consideration of substantially equal or greater value was exchanged.

21. **COUNTY EMPLOYEES**
No employee of the County shall be admitted to any share in any part of this Contract or to any benefit that may arise therefrom which is not available to the general public.

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22. **FORCE MAJEURE**

The Contractor shall not be held responsible for failure to perform the duties and responsibilities imposed by this Contract if such failure is due to fires, riots, rebellions, natural disasters, wars, or an act of God beyond the control of the Contractor and outside the scope of the Contractor's then-current, by industry standards, disaster plan that make performance impossible or illegal, unless otherwise specified in the Contract.

The County shall not be held responsible for failure to perform its duties and responsibilities imposed by the Contract if such failure is due to fires, riots, rebellions, natural disasters, wars, or an act of God beyond the control of the County that make performance impossible or illegal, unless otherwise specified in the Contract.

23. **AUTHORITY TO TRANSACT BUSINESS**

The Contractor shall, pursuant to Code of Virginia § 2.2-4311.2, be and remain authorized to transact business in the Commonwealth of Virginia during the Initial Term and any Subsequent Contract Term(s) of this Contract. A contract entered into by a Contractor in violation of this requirement is voidable, without cost or expense, at the sole option of the County.

24. **RELATION TO THE COUNTY**

The Contractor is an independent contractor, and neither the Contractor nor its employees or subcontractors will, under any circumstances, be considered employees, servants or agents of the County. The County will not be legally responsible for any negligence or other wrongdoing by the Contractor, its employees, servants or agents. The County will not withhold from payments to the Contractor any federal or state unemployment taxes, federal or state income taxes, Social Security tax, or any other amounts for benefits to the Contractor or its employees, servants or agents. Furthermore, the County will not provide to the Contractor any insurance coverage or other benefits, including workers' compensation, normally provided by the County for its employees.

25. **ANTITRUST**

By entering into this Contract, the Contractor conveys, sells, assigns and transfers to the County all rights, title, and interest in and to all causes of action the Contractor may now have or hereafter acquire under the antitrust laws of the United States or the Commonwealth of Virginia, relating to the goods purchased or acquired by the County under this Contract.

26. **AUDIT**

The Contractor agrees to retain all books, records and other documents related to this Contract for at least five (5) years after final payment. The County or its authorized agents shall have full access to and the right to examine any of the above documents during this period and during the Initial Contract Term and any Subsequent Contract Term. If the Contractor wishes to destroy or dispose of records (including confidential records to which the County does not have ready access) within five (5) years after final payment, the Contractor shall notify the County at least thirty (30) days prior to
such disposal, and if the County objects, shall not dispose of the records.

27. ASSIGNMENT
The Contractor shall not assign, transfer, convey, sublet, or otherwise dispose of any award, or any or all of its rights, obligations, or interests under this Contract, without the prior written consent of the County.

28. AMENDMENTS
Unless otherwise specified herein, this Contract shall not be amended except by written amendment executed by persons duly authorized to bind the Contractor and the County.

29. ARLINGTON COUNTY PURCHASING RESOLUTION AND COUNTY POLICIES
Notwithstanding any provision to the contrary herein, no provision of the Arlington County Purchasing Resolution or any applicable County policy is waived in whole or in part.

30. DISPUTE RESOLUTION
All disputes arising under this Agreement, or its interpretation, whether involving law or fact, extra work or extra compensation or time, and all claims for alleged breach of Contract shall be submitted in writing to the Project Officer for decision at the time of the occurrence or beginning of the work upon which the claim is based, whichever occurs first. Any such claims shall state the facts surrounding it in sufficient detail to identify it together with its character and scope. In accordance with the Arlington County Purchasing Resolution, claims denied by the Project Officer may be submitted to the County Manager in writing no later than sixty (60) days after final payment. The time limit for final written decision by the County Manager in the event of a contractual dispute, as that term is defined in the Arlington County Purchasing Resolution, is fifteen (15) days. Procedures for considering contractual claims, disputes, administrative appeals, and protests are contained in the Purchasing Resolution, which is incorporated herein by reference. A copy of the Arlington County Purchasing Resolution is available upon request from the Office of the Purchasing Agent. The Contractor shall not cause a delay in the Work pending a decision of the Project Officer, County Manager, County Board, or a court.

31. APPLICABLE LAW, FORUM, VENUE, AND JURISDICTION
This Contract and the work performed hereunder shall be governed in all respects by the laws of the Commonwealth of Virginia, and the jurisdiction, forum, and venue for any litigation with respect hereto shall be in the Circuit Court for Arlington County, Virginia, and in no other court. In performing its work under this Contract, the Contractor shall comply with applicable federal, state, and local laws, ordinances and regulations.

32. ARBITRATION
It is expressly agreed that nothing under the Contract shall be subject to arbitration, and that any references to arbitration are expressly deleted from the Contract.

33. NONEXCLUSIVITY OF REMEDIES
All remedies available to the County under this Contract are cumulative, and no such remedy shall be exclusive of any other remedy available to the County at law or in equity.

34. **NO WAIVER**
The failure of either party to exercise in any respect a right provided for in this Contract shall not be deemed to be a subsequent waiver of the same right or any other right.

35. **SEVERABILITY**
The sections, paragraphs, sentences, clauses and phrases of this Contract are severable, and if any phrase, clause, sentence, paragraph or section of this Contract shall be declared invalid by a court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Contract.

36. **NO WAIVER OF SOVEREIGN IMMUNITY**
Notwithstanding any other provision of this Contract, nothing in this Contract or any action taken by the County pursuant to this Contract shall constitute or be construed as a waiver of either the sovereign or governmental immunity of the County. The parties intend for this provision to be read as broadly as possible.

37. **SURVIVAL OF TERMS**
In addition to the numbered section in this Agreement which specifically state that the term or paragraph survives the expiration of termination of this Contract, the following sections if included in this Contract also survive: INDEMNIFICATION; RELATION TO COUNTY; AUDIT; WARRANTY; AND CONFIDENTIAL INFORMATION.

38. **HEADINGS**
The section headings in this Contract are inserted only for convenience and are not to be construed as part of this Contract or a limitation on the scope of the particular section to which the heading precedes.

39. **AMBIGUITIES**
Each party and its counsel have participated fully in the review and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any party.

40. **NOTICES**
Unless otherwise provided herein, all notices and other communications required by this Contract shall be deemed to have been given when made in writing and either (a) delivered in person, (b) delivered to an agent, such as an overnight or similar delivery service, or (c) deposited in the United States mail, postage prepaid, certified or registered, addressed as follows:
TO THE CONTRACTOR:
W. Louis Cannon
McGladrey LLP
PO Box 15409
3120 Wellons Boulevard
New Bern, North Carolina 28562

TO THE COUNTY:
Maria Meredith
Arlington County, Virginia
2100 Clarendon Boulevard, Suite 500
Arlington, Virginia 22201

AND

Richard D. Warren, Jr., Purchasing Agent
Arlington County, Virginia
2100 Clarendon Boulevard, Suite 500
Arlington, Virginia 22201

41. NON-DISCRIMINATION NOTICE
Arlington County does not discriminate against faith-based organizations.

42. INSURANCE REQUIREMENTS

The Contractor shall provide to the County Purchasing Agent a Certificate of Insurance indicating that the Contractor has in force the coverage below prior to the start of any Work under this Contract and upon any contract extension. The Contractor agrees to maintain such insurance until the completion of this Contract or as otherwise stated in the Contract Documents. All required insurance coverages must be acquired from insurers authorized to do business in the Commonwealth of Virginia, with a rating of "A-" or better and a financial size of "Class VII" or better in the latest edition of the A.M. Best Co. Guides, and acceptable to the County. The minimum insurance coverage shall be:

a. Workers Compensation - Virginia Statutory Workers Compensation (W/C) coverage including Virginia benefits and employers liability with limits of $100,000/100,000/500,000. The County will not accept W/C coverage issued by the Injured Worker's Insurance Fund, Towson, MD.

b. Commercial General Liability - $1,000,000 combined single limit coverage with $2,000,000 general aggregate covering all premises and operations and including Personal Injury, Completed Operations, Contractual Liability, Independent Contractors, and Products Liability. The general aggregate limit shall apply to

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this Contract. Evidence of Contractual Liability coverage shall be typed on the certificate.

c. Business Automobile Liability - $1,000,000 Combined Single Limit (Owned, non-owned and hired).

d. The Contractor shall carry Errors and Omissions or Professional Liability insurance which will pay for injuries arising out of errors or omissions in the rendering, or failure to render services or perform Work under the contract, in the amount of $1,000,000.

e. Additional Insured - Arlington County, and its officers, elected and appointed officials, employees, and agents shall be named as an additional insureds, via a blanket endorsement, on all policies except Workers Compensation and Auto and Professional Liability; and evidence of the Additional Insured endorsement shall be typed on the certificate.

f. Cancellation - If there is a material adverse change or reduction in coverage the Contractor shall notify the Purchasing Agent immediately upon Contractor's notification from the insurer. It is the Contractor’s responsibility to notify the County upon receipt of a notice indicating that the policy will not be renewed or will be materially changed. Any policy on which the Contractor has received notification from an insurer that the policy has or will be cancelled or materially changed or reduced must be replaced with another policy consistent with the terms of this Contract, and the County notified of the replacement, in such a manner that there is no lapse in coverage. Not having the required insurance throughout the Contract Term is grounds for termination of the Contract.

g. Any insurance coverage that is placed as a "claims made" policy must remain valid and in force, or the Contractor must obtain an extended reporting endorsement consistent with the terms of this Contract, until the applicable statute of limitations has expired, such date as determined to begin running from the date of the Contractor’s receipt of final payment.

h. Contract Identification - The insurance certificate shall state this Contract's number and title.

The Contractor must disclose the amount of any deductible or self-insurance component in excess of $50,000, applicable to the General Liability, Automobile Liability, Professional Liability, Intellectual Property or any other policies required herein, if any.

The Contractor shall require all subcontractors to maintain during the term of this Contract, Commercial General Liability insurance, Business Automobile Liability insurance, and Workers' Compensation insurance in the same form and manner as specified for the Contractor. The Contractor shall furnish subcontractors' certificates of insurance to the County immediately upon
request by the County.

No acceptance or approval of any insurance by the County shall be construed as relieving or excusing the Contractor from any liability or obligation imposed upon the Contractor by the provisions of the Contract Documents.

The Contractor shall be responsible for the work performed under the Contract Documents and every part thereof, and for all materials, tools, equipment, appliances, and property of any description used in connection with the work. The Contractor assumes all risks for direct and indirect damage or injury to the property or persons used or employed on or in connection with the Work contracted for, and of all damage or injury to any person or property wherever located, resulting from any action, omission, commission or operation under the Contract, or in connection in any way whatsoever with the contracted work.

The Contractor shall be as fully responsible to the County for the acts and omissions of its subcontractors and of persons employed by them as it is for acts and omissions of persons directly employed by it.

Notwithstanding any of the above, the Contractor may satisfy its obligations under this section by means of self-insurance for all or any part of the insurance required, provided that the Contractor can demonstrate financial capacity and the alternative coverages are submitted to and acceptable to the County. The Contractor must also provide its most recent actuarial report and provide a copy of its self-insurance resolution to determine the adequacy of the insurance funding.

WITNESS these signatures:

THE COUNTY BOARD OF ARLINGTON COUNTY, VIRGINIA

AUTHORIZED SIGNATURE: [Signature]

NAME AND RICHARD D. WARREN, JR. TITLE: PURCHASING AGENT

DATE: 11/4/14

McGladrey LLP
AUTHORIZED SIGNATURE: W. Louis Cannon

NAME AND TITLE: W. Louis Cannon, Partner

DATE: 10/30/14

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Internal Audit Services
AGREEMENT NO. 581-15
EXHIBIT A
SCOPE OF SERVICES

The Contractor shall notify the County in writing of any changes of staffing from those listed in the contract. The Contractor shall notify the County in writing of any changes of staffing from, or in addition to, the following: Jennifer Murtha, Clara Ewing, Lou Cannon and James Cook. The Contractor shall submit a profile of new or additional engagement member(s) at in connection with the execution of each new engagement letter. The Contractor shall submit a profile of the new engagement member(s) at the time the engagement letter is signed. The County will not compensate the contractor for hours incurred to train new staff members assigned. Overall, the Contractor shall be responsible for the following items listed below. However, because of critical time considerations, efficiency, or other circumstances, the County’s Internal Audit Staff and/or Management and/or the County Manager reserves the right to modify these provisions when it is in the best interest of the County.

- The Contractor will provide two engagement letters for each project. The first engagement letter should detail the Contractor's preliminary work necessary to prepare an audit program. The second letter should detail the Contractor's plan to perform audit steps based on the proposed audit program, provide a draft report and finalize the draft report.

- For each engagement letter the Contractor shall submit to the Project Officer for approval a preliminary work plan or an audit program as well as personnel assignments, an estimate of hours, total cost and dates for completing various audit milestones and deliverables. If during an audit, the Contractor reasonably determines that the hours to complete the task will exceed the originally approved estimated hours, the Contractor must submit a written request to the Project Officer to approve the additional time. The Contractor's written request shall include all reasons for the additional time as well as the new estimate of hours to complete the task.

- The Contractor shall arrange the entrance conference for each project that is attended by the Contractor, the County’s Internal Audit Staff and/or Management, and the auditee.

- The Contractor shall prepare a clearly written and detailed audit program with detailed audit steps that the County’s Internal Audit Staff and/or Management must approve before fieldwork commences.

- The Contractor and the County’s Internal Audit Staff and/or Management will have periodic progress meetings during each engagement. Prior to the progress meetings, the Contractor shall submit a brief written status report of engagements in process for discussion with the County’s Internal Audit Staff and/or Management.

- The Contractor shall notify the County in writing on a bi-weekly basis of the number of hours used to date on each project.
• The Contractor shall prepare a draft report based on the findings identified during fieldwork. The findings must be fully documented in the Contractor’s working papers. The Contractor must produce audit reports and other deliverables with reasonable care and in a competent manner, consistent with applicable industry and professional standards.

• The Contractor shall send the draft report to the County’s Internal Audit Staff and/or Management for review and comment. After the County’s Internal Audit Staff and/or Management approves the draft report, it will be sent to the auditee.

• Before the draft report is formally sent to the auditee, the Contractor shall arrange an exit conference that is attended by the Contractor, the auditee, and the County’s Internal Audit Staff and/or Management.

• At the exit conference, the auditee shall be requested to provide a written corrective action plan to the draft report within a specified time frame to the Contractor, with a copy to the County’s Internal Audit Staff and/or Management. This corrective action plan shall be communicated electronically and in hard copy.

• The Contractor in conjunction with the County’s Internal Audit Staff and/or Management shall review the auditee’s corrective action plan to determine if a rebuttal is warranted.

• If a rebuttal is warranted, the Contractor shall prepare the documents and include it after the auditee’s corrective action plan.

• The Contractor shall incorporate the auditee corrective action plan into the final report.

• The Contractor shall invoice the Project Officer when each deliverable has been accepted by the County. Typical deliverables include the audit program, the draft audit report and the final audit report. An itemized listing of hours spent on the project shall accompany the deliverables to the County.

• The Contractor shall provide to the County’s Internal Audit Staff and/or Management a hard copy and an electronic copy of each report. The electronic copy can be transmitted via a CD, USB drive, in a Word or a searchable PDF format or via an encrypted email if the file is not too large. The County will advise the Contractor of the number of final report hard copies.

In the event of the Contractor’s failure to comply with the established date of completion, the County reserves the right to make an open market purchase of the services, in addition to other remedies available to the County. The County may seek damages from the Contractor in the amount of the difference between the costs to the County had the Contractor performed the service and the actual costs incurred in order to complete the service.
Any project placed prior to, but not completed by the expiration date of the contract, shall be completed by the Contractor with all compensation and provisions of the contract still in force and effect until completion.

**Engagement Letters**
The Contractor shall prepare the first engagement letter at the time the project is assigned to perform preliminary work with a deliverable of an audit program. After the County accepts the audit program, the Contractor shall prepare the second engagement letter for fieldwork and draft/final report preparation. The contents of the engagement letters are to include the following:

- Scope and objective;
- Deliverables;
- Professional standards under which the audit work will be performed;
- Personnel responsible for performing the project. If personnel assigned to any engagement were not named in the original bid submission, a resume is to be forwarded to the County’s Internal Audit Staff and/or Management with the engagement letter;
- Number of hours to perform project;
- Contract number and rate;
- A schedule of timelines to complete the project including a phrase in the body of the engagement letter stating that such timelines are "Contingent upon the available records and personnel of the County and auditee";
- Specific audit steps to be performed during the preliminary work and/or fieldwork;
- Signature line for the Project Officer;
- In the body of the engagement letter, a phrase should be inserted that "If during the engagement, we reasonably determine that the hours to complete the tasks will exceed this original estimate, we will submit a written request with justification to support the increase to the Contract Administrator to approve the additional time."

**Working Papers and Deliverables**
The Contractor shall prepare and submit to the County’s Internal Audit Staff and/or Management, risk assessments, individual audit programs, audit reports, and/or other agreed upon deliverables. All audit reports shall be tailored to the requirements of the specific audit. However, reports shall include but will not be limited to these sections:

- Arlington County Name on all reports rather than McGladrey;
- Executive Summary;
- Background;
- Objectives, Scope, and Methodology;
- Findings;
- Recommendations; and
- Audittee Corrective Action Plan.

Reports are to be prepared in a clear and concise manner. Detailed
information is to be included in the body of the finding so the
auditee understands the reason for inclusion in the report. When
preparing the findings section in the audit report, the first
sentence of each finding is to contain a synopsis of the finding
followed by detailed information to fully support the finding.
Recommendations are to be fully supported by and consistent with the
findings. The Contractor will provide to the County’s Internal Audit
Staff and/or Management a hard copy and an electronic copy of the
final report, as well as a separate copy of the final report cross-
indexed to the Contractor’s working papers, which shall also be
provided to the County.

The County will not compensate the Contractor for time spent on
revisions due to incorrect and/or poorly prepared written
deliverables, including risk assessments, audit programs, and/or audit
reports. When assigned a project, the Contractor is to report bi-
weekly the hours used on the project. With the submission of the
deliverable, the Contractor is to submit to the Project Officer an
itemized listing of hours with dates and with the corresponding
Contractor personnel names to determine the number of hours used for
the project to date. Working papers are to clearly document
interviews, audit steps, results of audit steps, audit findings and
other documentation as relevant.

All working papers and reports must be retained, at the Contractor’s
expense, for the duration of the contract plus a minimum of five (5)
years thereafter, unless the Contractor is notified in writing by the
County of the need to extend the retention period. The Contractor
shall be required to make working papers available upon request. In
addition, the Contractor shall respond to the reasonable inquiries of
other auditors and allow other auditors to review working papers
relating to matters of continuing significance. The Contractor shall
be responsible for safeguarding all working papers and all supporting
documents of the County in the Contractor’s possession.

At the time the Contractor submits their draft report to the County’s
Internal Audit Staff and/or Management, the County shall have the
right to review and access to the Contractor’s working papers.
Should the County reject a report, the County’s Internal Audit Staff
and/or Management is to notify the Contractor in writing of such
rejection citing the reason(s) for the rejection. The right to reject
a report shall extend throughout the term of the contract, and
thereafter, if applicable, until completion of the audit and
acceptance by the County.

Audit Review Meetings
There will be three (3) or four (4) meetings a year to discuss the status of
the internal audit work and other internal control related matters. The
Contractor may be requested to participate in these meetings. Such
meetings will be prescheduled, and the Contractor shall attend when
requested and may be asked to participate in presentations at such meetings
when appropriate.

Arlington County’s Responsibilities
The County (the County’s Internal Audit Staff and/or Management) has the
oversight responsibility for each contracted internal audit assignment. These responsibilities include but are not limited to the following:

- Approving the audit objectives, scope, and methodology as prepared by the Contractor;
- Commenting, reviewing and approving engagement letters;
- Encumbering funds for the project;
- Notifying the Contractor to proceed with the assignment when funds have been encumbered;
- Conducting periodic progress meetings with the Contractor;
- Assigning additional work based on information obtained during the preliminary work;
- Acting as a mediator between the auditee and the Contractor;
- Reviewing the Contractor's draft audit report (or risk assessment or other engagement product) and providing comments on the draft to the Contractor prior to it being sent the auditee;
- Reviewing the final draft report and notifying the Contractor to finalize the audit report;
- and to advise the Contractor of the number final report copies;
- Approving the Contractor's invoice for payment.

The Contractor will be given access to records of the County and reasonable access to the staff for the purpose of interviews and the verification of items within the terms of the audits. It is expected that the Contractor shall organize the work in such a way as to minimize disruption of work of the County or auditee's employees in the pursuit of their normal duties. The County currently has a computerized accounting system known as "PRISM" which is Oracle's e-Business Suite which shall be made available (read-only access) for the Contractor's use in the performance of these audits, when appropriate. It is expected that the Contractor's techniques and procedures will be modified, if necessary, to be used with the existing systems of the County and any updates to these systems.

The County will provide the Contractor with reasonable office accommodations. The Contractor will also be provided with reasonable access to telephone lines, photocopying equipment and FAX machines. All work conducted on County premises shall be accomplished during the County's standard office hours of 8:00AM and 5:00PM, Mondays through Fridays, unless otherwise prearranged. While the Contractor's personnel are at the Arlington County sites, they are required to comply with all rules and regulations of the County with specific mention being made of complying with rules and regulations governing conduct with respect to health and safety not only as they relate to themselves, but also to County personnel.

**Contractor's Qualifications**

The Contractor must have the professional attributes and experience in (1) conducting risk assessments; developing and executing internal audit plans in large, complex organizations; (3) performing complex internal control reviews; and (4) conducting a wide range of performance, fiscal and contract, forensic, and information technology audits. The Contractor must also possess the following qualifications:
• Be capable of providing a wide range of internal audit services to the County.
• Have extensive experience in providing a wide range of internal audit services to state,
• Local government, non-profit, or commercial entities.
• Have experience in performing risk assessments and developing audit plans for large entities.
• Be capable of consistently delivering high quality written products, within budgeted time and cost.
• Be capable of quickly responding to expedited audit requests.
• Have competent technology skills in Microsoft Office Suite and other pertinent software (such as data extraction programs).
• Be able to demonstrate their monitoring procedures for assuring the independence of management and employees.
• Be able to demonstrate that the Contractor is in compliance with continuing professional education standards established by generally accepted government auditing standards (GAGAS 3.76).
• Be able to demonstrate their quality control procedures to achieve a high quality audit.
• Be able to demonstrate to the County whether staff-members are employees or contractors.
• If required by the County, be able to demonstrate that assigned personnel (including subcontractors) have successfully passed background checks that meet the requirements of the engagement.
• Be able to demonstrate that working papers and information is securely maintained and readily available.
• Be capable of preparing and providing attestation engagements with management letters and consultant reports for the engaged audits in accordance with applicable AICPA or GAGAS standards, subject to customary and required terms for such engagements.
• Be able to provide information on any pending lawsuits against the company which would impact the ability of the Contractor to perform its services.
• Be able to provide a narration on their auditing process and working papers documentation to include but not limited to the following:
   o Document the process for conducting interviews and findings uncovered during the course of an audit.
   o Provide the Contractor’s policy and practice on entrance and exit conferences during the course of an audit.
   o Describe the Contractor’s method of communicating internal control weaknesses.
• Be able to submit five (5) samples of prior work composed, appropriately redacted to maintain the confidentiality of the client, of two (2) risk assessment reports and three (3) audit reports, all of which were not performed for Arlington County Government. These samples will be considered confidential.

Assignment of Projects
While it is the intent of the County to contract out a portion of its internal audit work, actual projects with specifically defined scope of
services are not now available and will only be developed if needed. There is no guarantee to the Contractor that they will be awarded any projects. The County reserves the right to issue a separate solicitation for any project.

The Contractor shall not commence the service for any project until a purchase order has been executed by the County, and directec to proceed on that project by the County’s Internal Audit Staff and/or Management, or another responsible County official.

**Task Request Procedure**

As County projects become known, the County shall provide a task request to the Contractor. The Contractor shall submit a task proposal to the County for each project based on the Contractor's Schedule of Rates.

The County may request a meeting with the Contractor to discuss the proposed scope of work. Based upon the request and any subsequent meetings/negotiations, the Contractor shall prepare a written task proposal within ten (10) business days from the County’s task request.

The Contractor's task proposal should include, but not be limited to, the following:

- The detailed scope of work, terms and conditions, other related special conditions, and management plan.
- Key personnel assigned to the task.
- The detailed cost of deliverables.
- The estimated staffing by position title, estimated number of hours for each, billable rates of pay, and total estimated cost for the task. All expenses shall be included in the hourly rate and shall cover salary, benefits, profit, and all other expenses for overhead, insurance, equipment, etc.
- Identify subcontractors required for the task. Provide detailed information as required in item 4.
- Reimbursable costs required for the task. Reimbursable costs shall consist of non-employee costs such as Postage, copying charges, transportation, etc.
- A list of any materials or information required from the County to complete the task order scope of services.
- The Contractor shall be responsible for obtaining information from the County at its own cost and expense for those items that are generally available to the public and are also essential for completion of the task. Those items shall be furnished when available and in the form available.
- Proposed dates of work commencement and completion.
- Contractor shall sign and date task proposal.

The Contractor may propose additional subcontractors for disciplines not already identified in the contract. Such subcontractors shall require approval by the Project Officer.

The County may request that the Contractor make an oral presentation. Such a presentation may include, but is not limited to, explanations of the
proposed approach, work plan, and cost estimate.

No compensation shall be paid to the Contractor for the preparation and delivery of task proposals. The County reserves the right to request from the Contractor additional information as determined necessary prior to commencing with negotiations.

Within seven (7) calendar days from final negotiations, the Contractor shall prepare and deliver the best and final task proposal to the Contract Administrator. The Contractor's final proposal shall be attached and incorporated in the final executed task order and made a part thereof. No work shall begin until the Contractor receives a fully executed Task Request and Purchase Order.

Hidden conditions and additional services required outside the original scope or internal audit project shall be addressed and a cost agreed upon between the County and the Contractor. A revised Purchase Order shall be issued before these services are performed.
AGREEMENT NO. 581-15
EXHIBIT B
Payment Schedule

I. Fixed Hourly Rate for Other Consulting Services:

<table>
<thead>
<tr>
<th>Title</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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II. Fixed Per Meeting Rate for Meeting Attendance:

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</table>

III. Reimbursable Costs

All reimbursable items (e.g. travel, printing, reproduction, etc.) to be reimbursed at actual cost with no markup.

IV. Subcontractors

Any subcontractors will be reimbursed at no markup.

**If the Partner, Director, or Manager is already on-site at Arlington County, the meeting charge will not exceed the lesser of the hours required for the meeting, at Section I rates, or the fixed per meeting rate.
COUNTY OF PRINCE WILLIAM
1 County Complex Court (MC 460) Prince William, Virginia 22192-9201
(703) 792-6770 Metro 631-1703. Ext. 6770 Fax (703) 792-4611

FINANCE DEPARTMENT
Purchasing

CONTRACT: 13021NA4

SUBJECT: Internal Audit Services

Between:
PRINCE WILLIAM COUNTY
1 COUNTY COMPLEX COURT (MC 460)
PRINCE WILLIAM, VA 22192-9201
(703) 792-6770 METRO 631-1703 EXT 6770

And the Contractor:
McGladrey, LLP
3120 Wellons Boulevard,
New Bern, North Carolina 28562
telephone: 252-637-5154
fax: 252-637-5383

This Contract is entered into this 30th day of July, 2012, by and between the Board of County Supervisors of Prince William County, Virginia, or its authorized agents, and the Contractor identified above for services identified herein, on the following terms and conditions. This Contract is prepared in accordance with the Purchasing Regulations of Prince William County, which are incorporated herein by reference.

An Equal Opportunity Employer
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SECTION I
SPECIAL PROVISIONS

I.1 Definitions

"County" shall mean the Board of County Supervisors of Prince William County, Virginia, or the using department identified below and authorized by the Purchasing Regulations or other law to enter into Contracts.

"Using Department" for the purpose of this Contract shall mean Prince William County Board Audit Committee.

"Contract Administrator" assigned to administer this Contract for the County is to be decided by the Board of Supervisors via an amendment.

"Contractor" shall mean:

McGladrey, LLP
3120 Wellons Boulevard,
New Bern, North Carolina 28562
telephone: 252-637-5154
fax: 252-637-5383

whose authorized representative is Lou Cannon, Partner, who is responsible for the performance obligation of the Contractor under this Contract.

I.2 Contract Period

The term for this Contract shall be for one (1) year from date of execution. The County shall have the option to extend the Contract for four (4) additional one (1) year periods, contingent upon availability of funds for the purpose. The option to renew shall be exercised at the sole discretion of the County.

The County shall give the Contractor reasonable written notice of intent to renew prior to the expiration date of the current contract. In the absence of any notification to renew, the contract shall automatically terminate on the expiration date specified in the contract. Agreement to extend the contract term shall not be final until the Contractor provides written acknowledgement of the extension.

I.3 Incorporation of Documents

The following documents are hereby incorporated by reference into this Contract:

3. County's Solicitation number RFP120026 entitled Internal Audit Services and dated April 12, 2012.
In the event of an inconsistency between the above referenced documents the inconsistency shall be resolved by giving precedence to the following: RFP120026. This Contract shall take precedence over all the documents referenced above.

1.4 Provision of Services

The Contractor hereby agrees to provide the Internal Audit Services to the County as described herein and further outlined in Attachment A, Scope of Work. This Scope of Work shall take precedence over the documents set forth in provision, Incorporation of Documents, in the event of inconsistency.

1.5 Contract Amount

In return for the services identified above, and subject to the "Non-Appropriation of Funds" clause herein, the County certifies that sufficient funds are budgeted and appropriated and shall compensate the Contractor in accordance with such formula for payments as set forth in Attachment B.

1.6 Method of Payment

The Contractor shall submit invoices listing the services performed and completed as outlined in Attachment A. The invoice should cite the Purchase Order Number, Contract Number and date of services or delivery of an end product.

The County will make payment to the Contractor, net 30 days or in accordance with discount terms, if offered, after receipt of an acceptable invoice and satisfactory completion of each of the requested services as set forth in the payment schedule in Attachment B.

1.7 Time of the Essence and Completion

Time shall be of the essence to this Contract, except where it is herein specifically provided to the contrary.

1.8 Key Personnel

The Contractor shall assign to this Contract the following key personnel:

Lou Cannon, Partner, Assurance Services
Michael Schertzinger, Director, Assurance Services
Jennifer Murtha, Director, Risk Advisory Services
Clara Ewing, Manager, Risk Advisory Services

During the period of performance, the Contractor shall make no substitutions of key personnel unless the substitution is necessitated by illness, death, or termination of employment. The Contractor shall notify the Contract Administrator within 5 calendar days after the occurrence of any of these events and provide the information required by the paragraph below.

The Contractor shall provide a detailed explanation of the circumstances necessitating the proposed substitutions, complete resumes for the proposed substitutes, and any additional information requested by the Contract Administrator. Proposed substitutes should have comparable qualifications to those of the persons being replaced. The Contract Administrator will notify the Contractor within 15 calendar days after receipt of all required information of the decision on substitutions. This clause will be modified to reflect any approved changes of key personnel.
1.9 Inspection and Acceptance

All tasks and reports shall be conducted and completed in accordance with recognized and customarily accepted industry practices, and shall be considered complete when the deliverables are approved as acceptable by the Contract Administrator in writing. In the event of rejection of any report or deliverable, the Contractor shall be notified in writing and shall have 10 calendar days from date of issuance of notification to correct the deficiencies and resubmit the report/deliverable. Failure to submit acceptable work within the 10 calendar days shall constitute a breach of the contract for which the Contractor may be held in default.

1.10 Insurance

The Contractor shall maintain insurance, in an amount and a form set forth in RFP120026 and the email from Alice Rowan to McGladrey on July 23, 2012.

1.11 Hold Harmless

The Contractor hereby agrees to indemnify and hold harmless Prince William County, Virginia, its officers, agents and all employees and volunteers (the “Indemnified Parties”), from any and all injuries, damages and losses (“Claims”), including cost of investigation, all reasonable attorneys fees, and the cost of appeals arising out of any such claims or suits, because of any and all acts of omission or commission of the Contractor, including its agents, Subcontractors, partners and employees (the “Contractor Parties”), in connection with work under this Contract (except to the extent that such Claims arise from the negligence of the Indemnified Parties), from (a) Claims arising from or related to damages suffered by third parties, from (b) Claims arising from or relating to bodily injury or death of any person or damage to real or tangible personal property, and from (c) Claims arising from or related to the gross negligence or willful misconduct of the Contractor Parties.

It is understood and agreed that the Contractor is at all times herein acting as an independent Contractor.

1.12 Limitation of Liability

Except for its indemnification obligations under this Agreement, the total liability of the Contractor Parties relating to this Agreement will in no event exceed an amount equal to three times the fees paid or payable to it under this Agreement. In no event will the Contractor (or its respective partners, employees, contractors, agents or representatives) be liable for any indirect, special, consequential, incidental, punitive or exemplary damages or loss even if advised of the possibility of such loss. The limitation of liability contained in this Section 1.12 shall not apply in the event of Contractor’s gross negligence or willful misconduct.
SECTION II
GENERAL PROVIDENCES

II.1 Assignability of Contract

Neither this Contract, nor any part hereof, may be assigned by the Contractor to any other party without the express written permission of the County.

II.2 Modifications or Changes to the Contract

All modifications and changes to the Contract shall be in writing.

The Head of the Using Department of this Contract, with the concurrence of the Purchasing Manager (except as otherwise provided by the Purchasing Regulations), shall, without notice to any sureties, have the authority to order changes in this Contract which affect the cost or time of performance. Such changes shall be ordered in writing specifically designated to be a "Change Order." Such orders shall be limited to reasonable changes in the services to be performed or the time of performance; provided that the Contractor shall not be excused from performance under the changed Contract by failure to agree to such changes, and it is the express purpose of this provision to permit unilateral changes in the Contract subject to the conditions and limitations herein.

The Contractor need not perform any work described in any change order unless it has received a certification from the County that there are funds budgeted and appropriated sufficient to cover the cost of such changes.

The Contractor shall make a demand for payment for completed changed work within 30 days of receipt of a change order, unless such time period is extended in writing, or unless the Purchasing Manager requires submission of a cost proposal prior to the initiation of any changed work or supplies. Later notification shall not bar the honoring of such claim or demand unless the County is prejudiced by such delay.

No claim for changes ordered hereunder shall be considered if made after final payment in accordance with the Contract.

II.3 Employment Discrimination for Contracts Over $10,000

1. During the performance of this Contract, the Contractor agrees as follows:

   a. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

   b. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an equal opportunity employer.

   c. Notices, advertisements, and solicitations placed in accordance with Federal law, rule, or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.
2. The Contractor will include the provisions of the foregoing paragraphs a, b, and c in every Subcontract or purchase order over $10,000.00, so that the provisions will be binding upon each Subcontractor or Contractor.

II.4  **Drug-free Workplace to be Maintained by Contractor for Contracts over $10,000.00**

During the performance of this Contract, the Contractor agrees to (i) provide a drug-free workplace for the Contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every Subcontract or purchase order over $10,000.00, so that the provisions will be binding upon each Subcontractor or Contractor.

For the purpose of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific Contract awarded to a Contractor in accordance with this chapter, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession, or use of any controlled substance or marijuana during the performance of this Contract.

II.5  **Claims/Disputes**

In accordance with Section 2.2-4363, VA Code Ann., this provision shall be followed for consideration and handling of all claims by the Contractor under this contract. Section 2.2-4365, VA Code Ann., is not applicable to this Contract, and under no circumstances is this paragraph to be construed as an administrative appeals procedure governed by Section 2.2-4365, VA Code Ann.

Notice of the intent to submit a claim setting forth the basis for any claim shall be submitted in writing within ten (10) days after the occurrence of the event giving rise to the claim, or within ten (10) days of discovering the condition giving rise to the claim, whichever is later. In no event, shall any claim arising out of this Contract be filed after the submission of the request for Final Payment by the Contractor.

Claims by the Contractor with respect to this Contract shall be submitted in writing in the first instance for consideration by the Contract Administrator. The decision of the Contract Administrator shall be rendered in writing within forty-five (45) days from the receipt of the claim from the Contractor. If the Contractor is not satisfied with the decision or resolution of the Contract Administrator, the Contractor may file a formal dispute with regards to the claim with the Prince William County Director of Finance, which claim shall be received within thirty (30) days of the date of decision of the Contract Administrator. The Director of Finance shall reduce his or her decision to writing and shall mail or otherwise furnish a copy of this decision to the Contractor within forty-five (45) days of the receipt of the claim from the Contractor. The decision of the Director of Finance shall be final on behalf of Prince William County unless the Contractor submits the claim to the County Executive within thirty (30) days of the Director of Finance's decision. The Contractor may submit the claim to the County Executive by mailing or otherwise furnishing the Purchasing Manager a copy of the claim and a request for the County Executive's determination.

The County Executive's decision on the claim shall be rendered in writing to the Contractor within forty-five (45) days of the Purchasing Manager's receipt of the request from the Contractor, and shall be final and binding on behalf of Prince William County, unless the Contractor submits the claim for determination by the Board of County Supervisors by mailing or otherwise furnishing the Purchasing Manager a copy of the claim, along with a request for determination by the Board within thirty (30) days of the County Executive's decision. The Board shall consider the claim and render a decision within forty-five (45) days of the date on which the Board hears the
claim in open meeting. The Board's procedure in considering claims under this Contract shall be the same as that for other decisions of the Board on claims made under Section 15.2-1245 et seq., VA Code Ann. The decision of the Board shall be final.

Should any decision-maker designated under this procedure fail to make a decision within the time period specified, then the claim is deemed to have been denied by the decision-maker.

Pending a final determination of a claim, the Contractor shall proceed diligently with the performance of the Work under the Contract.

In accordance with the provisions of Section 2.2-4363, VA Code Ann., full compliance with this procedure set forth in the provision shall be a precondition to the filing of any lawsuit by the Contractor against the Board of County Supervisors of Prince William County arising out of this Contract.

II.6 Termination for Convenience of the County

The parties agree that the County may terminate this Contract, or any work or delivery required hereunder, from time to time either in whole or in part, whenever the County Executive of Prince William County shall determine that such termination is in the best interests of the County.

Termination, in whole or in part, shall be effected by delivery of a Notice of Termination signed by the County Executive or his designee, mailed or delivered to the Contractor, and specifically setting forth the effective date of termination.

Upon receipt of such Notice, the Contractor shall:

1. Cease any further deliveries or work due under this Contract, on the date, and to the extent, which may be specified in the Notice;

2. Place no further orders with any subcontractors except as may be necessary to perform that portion of this Contract not subject to the Notice;

3. Terminate all subcontracts except those made with respect to Contract performance not subject to the Notice;

4. Settle all outstanding liabilities and claims which may arise out of such termination, with the ratification of the Purchasing Manager of Prince William County; and

5. Use its best efforts to mitigate any damages which may be sustained by it as a consequence of termination under this clause.

After complying with the foregoing provisions, the Contractor shall submit a termination claim, in no event later than six (6) months after the effective date of its termination, unless an extension is granted by the Purchasing Manager.

The Purchasing Manager, with the approval of the County's signatory to this Contract, shall pay from the using department's budget reasonable costs of termination, including a reasonable amount for profit on supplies or services delivered or completed. In no event shall this amount be greater than the original Contract price, reduced by any payments made prior to Notice of Termination and further reduced by the price of the supplies not delivered, or the services not provided. This Contract shall be amended accordingly, and the Contractor shall be paid the agreed amount.
In the event that the parties cannot agree on the whole amount to be paid to the Contractor by reason of termination under this clause, the Purchasing Manager shall pay to the Contractor the amounts determined as follows, without duplicating any amounts which may have already been paid under the preceding paragraph of this clause:

1. With respect to all Contract performance prior to the effective date of Notice of Termination, the total of:
   a. Cost of work performed or supplies delivered;
   b. The cost of settling and paying any reasonable claims as provided in subparagraph (4), above;
   c. A sum as profit on (a) determined by the Purchasing Manager to be fair and reasonable.

2. The total sum to be paid under (a) above shall not exceed the Contract price, as reduced by the amount of payments otherwise made, and as further reduced by the Contract price of work or supplies not provided.

In the event that the Contractor is not satisfied with any payments which the Purchasing Manager shall determine to be due under this clause, the Contractor may appeal any claim to the Board of County Supervisors in accordance with the "Claims/Disputes" clause of this Contract.

The Contractor shall include similar provisions in any subcontract, and shall specifically include a requirement that subcontractors make all reasonable efforts to mitigate damages which may be suffered. Failure to include such provisions shall bar the Contractor from any recovery from the County whatsoever of loss or damage sustained by a subcontractor as a consequence of termination for convenience.

II.7 Termination for Default

Either party may terminate this Contract, without further obligation, for the default of the other party or its agents or employees with respect to any agreement or provision contained herein.

II.8 Termination for Non-Appropriation of Funds

If funds are not appropriated for any succeeding fiscal year subsequent to the one in which this Contract is entered into, for the purposes of this Contract, then the County may terminate this Contract upon thirty (30) days prior written notice to the Contractor. Should termination be accomplished in accordance with this Section, the County shall be liable only for payments due through the date of termination.

II.9 Payments to Subcontractors

In the event that the Contractor utilizes a subcontractor for any portion of the work under this Contract, the Contractor hereby agrees to:

1. The Contractor shall take one (1) of the two (2) following actions within seven (7) days after receipt of amounts paid to the Contractor by the County for work performed by a subcontractor under the Contract.
   a. Pay a subcontractor for the proportionate share of the total payment received from the County attributable to the work performed by that subcontractor under the Contract; or
   b. Notify the agency and any subcontractors, in writing, of its intention to withhold all or a part of the subcontractor's payment with the reason for nonpayment.
2. The Contractor shall be obligated to pay interest to a subcontractor on all monies owed by the Contractor that remain unpaid after seven (7) days following receipt by the Contractor of payment from the County for work performed by a subcontractor under the Contract, except for amounts withheld under Subsection 1 b. of this section. The Contractor’s obligation to pay an interest charge to a subcontractor pursuant to the provisions of this section may not be construed to be an obligation by the County. A contract modification may not be made for the purpose of providing reimbursement for any such interest charge. A cost reimbursement claim may not include any amount for reimbursement for such interest charge.

3. Unless otherwise provided under the terms of this Contract, interest shall accrue at the rate of one percent (1%) per month.

4. The Contractor is hereby required to include in each of its subcontracts a provision requiring each subcontractor to otherwise be subject to the same payment and interest requirements set forth in subsection 2. and 3. of this section with respect to each lower-tier subcontractor.

II.10 Examination of Records

The Contractor agrees that the County, or any duly authorized representative, shall, until the expiration of five (5) years after final payment hereunder, have access to and the right to examine and copy any directly pertinent books, documents, papers and records of the Contractor involving transactions related to this Contract.

The Contractor further agrees to include in any subcontract for more than $10,000 entered into as a result of this Contract, a provision to the effect that the subcontractor agrees that the County or any duly authorized representative shall, until the expiration of five (5) years after final payment under the subcontract, have access to and the right to examine and copy any directly pertinent books, documents, papers and records of such Contractor involved in transactions related to such subcontract, or this Contract. The term “subcontract” as used herein shall exclude subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public. The period of access provided herein for records, books, documents and papers which may relate to any arbitration, litigation, or the settlement of claims arising out of the performance of this Contract or any subcontract shall continue until any appeals, arbitration, litigation or claims shall have been finally disposed of.

II.11 Ethics in Public Contracting

The Contractor hereby certifies that it has familiarized itself with Article 6 of Title 2.2 of the Virginia Public Procurement Act, Sections 2.2-4367 through 2.2-4377, VA Code Ann., and that all amounts received by it, pursuant to this Procurement, are proper and in accordance therewith.

II.12 Governing Law and Choice of Forum

This Contract and any disputes hereunder shall be governed by the laws of the Commonwealth of Virginia. It is further agreed that all disputes and matters whatsoever arising under, in connection with or incident to this Contract, shall be litigated, if at all, in and before a state Court located in the County of Prince William in the Commonwealth of Virginia or a federal Court located in the Eastern District of Virginia, and any appropriate appellate Court thereof, to the exclusion of the courts of any other state, territory, country or other jurisdiction.
II.13 Immigration Reform and Control Act of 1986

The Contractor certifies that it does not and will not during the performance of this contract violate the provisions of the Federal Immigration Reform and Control Act of 1986 which prohibits employment of illegal aliens. The Contractor agrees that its employment of any person without legal status may subject it to termination of this contract for default and agrees to include a similar provision in any subcontract.

II.14 Integration

This Contract shall constitute the whole agreement between the parties. There are no promises, terms, conditions, or obligations other than those contained herein, and this Contract shall supersede all previous communications, representations, or agreements, written or verbal, between the parties hereto.
BOARD OF COUNTY SUPERVISORS OF PRINCE WILLIAM COUNTY, VIRGINIA

County Representative

McGladrey, LLP

Contractor Representative

Title

ATTEST:

Purchasing Manager

Contract approved as to form county attorney's office.

Date: 7/24/12

Attachments A, B reviewed, approved as to form by Robert P. Scott, Auditor.

Note inclusion of Attachment C, as per Section F.10 here in.
PRINCE WILLIAM COUNTY, VIRGINIA
INSURANCE CHECKLIST

Items marked "X" are required to be provided if award is made to your firm. See section titled Insurance. Contractor's Insurance Agent shall mark a "check" yes or no as to availability of insurance. *Note: If you answered "No" to any of the requirements, provide written explanation on a separate sheet.

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<th>COVERAGE</th>
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<th>LIMITS (FIGURE DENOTES MINIMUM)</th>
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<td>and Employers' Liability;</td>
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<td>2. General Liability</td>
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<td>Completed Operations</td>
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<td>3. Automobile Liability</td>
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<td>8. Other Insurance:</td>
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<td>10. 30 day cancellation notice</td>
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<td>12. The Certificate must state</td>
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<td>Bid/RFP No. and Bid/RFP Title</td>
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<td>13. Umbrella Liability</td>
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OFFEROR AND INSURANCE AGENT STATEMENT
We understand the Insurance Requirements of these specifications and will comply in full if awarded this contract.

OFFEROR ___________________________ INSURANCE AGENCY ___________________________
SIGNATURE __________________________ SIGNATURE ___________________________
ATTACHMENT A

SCOPE OF WORK

The Contractor must notify the County in writing of any changes of staffing from those listed in the contract. The Contractor must submit a profile of the new engagement member(s) at the time the engagement letter is signed. The County will not compensate the contractor for hours incurred to train new staff members assigned. Overall, the Contractor is responsible for the following items listed below. However, because of critical time considerations, efficiency, or other circumstances, the Audit Services Department and/or the County Executive (with the approval of the Board Audit Committee) reserves the right to modify these provisions when it is in the best interest of the County.

a) The Contractor will provide two engagement letters for each project. The first engagement letter should detail the Contractor's preliminary work necessary to prepare an audit program. The second letter should detail the Contractor's plan to perform audit steps based on the proposed audit program, provide a draft report and finalize the draft report.

b) For each engagement letter the Contractor is to submit to the Contract Administrator for approval a preliminary work plan or an audit program (per Section 1.3.1.a) as well as personnel assignments, an estimate of hours, total cost and dates for completing various audit milestones and deliverables. If during an audit, the Contractor reasonably determines that the hours to complete the task will exceed the originally approved estimated hours, the Contractor must submit a written request to the Contract Administrator to approve the additional time. The Contractor’s written request must include all reasons for the additional time as well as the new estimate of hours to complete the task.

c) The Contractor will arrange the entrance conference that is attended by the Contractor, the Audit Services Department, and the auditee.

d) The Contractor is to prepare a clearly written and detailed audit program with detailed audit steps that the Audit Services Department must approve before fieldwork commences.

e) The Contractor and the Audit Services Department will have periodic progress meetings during each engagement. Prior to the progress meetings, the Contractor should submit a brief written status report of engagements in process for discussion with the Audit Services Department.

f) The Contractor should notify the County in writing on a bi-weekly basis of the number of hours used to date on each project.

g) The Contractor will prepare a draft report based on the findings identified during fieldwork. The findings must be fully documented in the Contractor's working papers. The Contractor must produce audit reports and other deliverables of exceptional quality.

h) The Contractor will send the draft report to the Audit Services Department for review and comment. After the Audit Services Department approves the draft report, it will be sent to the auditee.

i) Before the draft report is formally sent to the auditee, the Contractor will arrange an exit conference that is attended by the Contractor, the auditee, and the Audit Services Department.
j) At the exit conference, the auditee will be requested to provide a written corrective action plan to the draft report within a specified time frame to the Contractor, with a copy to the Audit Services Department. This corrective action plan will be communicated electronically and in hard copy.

k) The Contractor in conjunction with the Audit Services Department will review the auditee’s corrective action plan to determine if a rebuttal is warranted.

l) If a rebuttal is warranted, the Contractor will prepare it and include it after the auditee’s corrective action plan.

m) The Contractor will incorporate the auditee corrective action plan into the final report.

n) The Contractor will invoice the Contract Administrator when each deliverable has been accepted by the County. Typical deliverables include the audit program, the draft audit report and the final audit report. An itemized listing of hours spent on the project is to accompany the deliverables to the County.

o) The Contractor will provide to the Audit Services Department a hard copy and an electronic copy of each report. The electronic copy can be transmitted via a CD, USB drive, in a Word or a searchable PDF format or via an encrypted email if the file is not too large. The Audit Services Department will advise the Contractor of the number of final report hard copies.

In the event of the Contractor’s failure to comply with the established date of completion, the County reserves the right to make an open market purchase of the services, in addition to other remedies available to the County. The County may seek damages from the Contractor in the amount of the difference between the costs to the County had the Contractor performed the service and the actual costs incurred in order to complete the service.

Any project placed prior to, but not completed by the expiration date of the contract, will be completed by the Contractor with all compensation and provisions of the contract still in force and effect until completion.

1.3.2 Engagement Letters

The Contractor will prepare the first engagement letter at the time the project is assigned to perform preliminary work with a deliverable of an audit program. After the Audit Services Department accepts the audit program, the Contractor will prepare the second engagement letter for fieldwork and draft/final report preparation. The contents of the engagement letters are to include the following:

a) Scope and objective;
b) Deliverables;
c) Professional standards under which the audit work will be performed;
d) Personnel responsible for performing the project. If personnel assigned to any engagement were not named in the original bid submission, a resume is to be forwarded to the Audit Services Department with the engagement letter;
e) Number of hours to perform project;
f) Contract number and rate;
g) A schedule of timelines to complete the project including a phrase in the body of the engagement letter stating that such timelines are “Contingent upon the available records and personnel of the County and auditee”;
h) Specific audit steps to be performed during the preliminary work and/or fieldwork;
i) Signature line for the Contract Administrator;
j) In the body of the engagement letter, a phrase should be inserted that "If during the engagement, we reasonably determine that the hours to complete the tasks will exceed this original estimate, we will submit a written request with justification to support the increase to the Contract Administrator to approve the additional time."

I.3.3 Working Papers and Deliverables

The Contractor shall prepare and submit to the Audit Services Department, risk assessments, individual audit programs, audit reports, and/or other agreed upon deliverables. All audit reports shall be tailored to the requirements of the specific audit. However, reports will include but will not be limited to these sections:

1. Executive Summary;
2. Background;
3. Objectives, Scope, and Methodology;
4. Findings;
5. Recommendations; and

Reports are to be prepared in a clear and concise manner. Detailed information is to be included in the body of the finding so the auditee understands the reason for inclusion in the report. When preparing the findings section in the audit report, the first sentence of each finding is to contain a synopsis of the finding followed by detailed information to fully support the finding. Recommendations are to be fully supported by and consistent with the findings. The Contractor will provide to the Audit Services Department a hard copy and an electronic copy of the final report, as well as a separate copy of the final report cross-indexed to the Contractor’s working papers.

The County will not compensate the Contractor for time spent on revisions due to incorrect and/or poorly prepared written deliverables, including risk assessments, audit programs, and/or audit reports. When assigned a project, the Contractor is to report bi-weekly the hours used on the project. With the submission of the deliverable, the Contractor is to submit to the Contract Administrator an itemized listing of hours with dates and with the corresponding Contractor personnel names to determine the number of hours used for the project to date. Working papers are to clearly document interviews, audit steps, results of audit steps, audit findings and other documentation as relevant.

All working papers and reports must be retained, at the Contractor's expense, for the duration of the contract plus a minimum of five (5) years thereafter, unless the Contractor is notified in writing by the County of the need to extend the retention period. The Contractor will be required to make working papers available upon request. In addition, the Contractor shall respond to the reasonable inquiries of other auditors and allow other auditors to review working papers relating to matters of continuing significance. The Contractor shall be responsible for safeguarding all working papers and all supporting documents of the County in the Contractor’s possession.

At the time the Contractor submits their draft report to the Audit Services Department, the Audit Services Department shall have the right to review and access to the Contractor's working papers. Should the County reject a report, the Audit Services Department is to notify the Contractor in writing of such rejection citing the reason(s) for the rejection. The right to reject a report shall extend throughout the term of the contract, and thereafter, if applicable, until completion of the audit and acceptance by the County.

I.3.4 Audit Committee Meetings
The Prince William County Board Audit Committee generally meets three (3) to four (4) times yearly to discuss the status of the annual financial statement audit and other audit and/or internal control related matters. The Contractor may be requested to meet with the Board Audit Committee at these meetings. Such meetings will be prescheduled, and the Contractor shall attend when requested and may be asked to participate in presentations at such meetings when appropriate.

1.3.5 Prince William County’s Responsibilities

The County (the Audit Services Department) has the oversight responsibility for each contracted internal audit assignment. These responsibilities include but are not limited to the following:

a) Approving the audit objectives, scope, and methodology as prepared by the Contractor;
b) Commenting, reviewing and approving engagement letters;
c) Encumbering funds for the project;
d) Notifying the Contractor to proceed with the assignment when funds have been encumbered;
e) Conducting periodic progress meetings with the Contractor;
f) Assigning additional work based on information obtained during the preliminary work;
g) Acting as a mediator between the auditee and the Contractor;
h) Reviewing the Contractor’s draft audit report (or risk assessment or other engagement product) and providing comments on the draft to the Contractor prior to it being sent to the auditee;
i) Reviewing the final draft report and notifying the Contractor to finalize the audit report and to advise the Contractor of the number of final report copies;
j) Approving the Contractor’s invoice for payment.

The Contractor will be given access to records of the County and reasonable access to the staff for the purpose of interviews and the verification of items within the terms of the audits. It is expected that the Contractor will organize the work in such a way as to minimize disruption of work of the County or auditee’s employees in the pursuit of their normal duties. The County currently has a computerized accounting system known as "Performance" which shall be made available (read-only access) for the Contractor’s use in the performance of these audits, when appropriate. It is expected that the Contractor’s techniques and procedures will be modified, if necessary, to be used with the existing systems of the County and any updates to these systems.

The County will provide the Contractor with reasonable office accommodations. The Contractor will also be provided with reasonable access to telephone lines, photocopying equipment and FAX machines. All work conducted on County premises shall be accomplished during the County’s standard office hours of 8:00 a.m. and 5:00 p.m., Mondays through Fridays, unless otherwise prearranged. While the Contractor’s personnel are at the Prince William County sites, they are required to comply with all rules and regulations of the County with specific mention being made of complying with rules and regulations governing conduct with respect to health and safety not only as they relate to themselves, but also to County personnel.

1.3.6 Contractor’s Qualifications

The Contractor must have the professional attributes and experience in (1) conducting risk assessments; (2) developing and executing internal audit plans in large, complex organizations; (3) performing complex internal control reviews; and (4) conducting a wide range of performance, fiscal and contract, forensic, and information technology audits. The Contractor must also possess the following
qualifications:

a) Be capable of providing of a wide range of internal audit services to the County.
b) Have extensive experience in providing a wide range of internal audit services to state, local government, non-profit, or commercial entities.
c) Have experience in performing risk assessments and developing audit plans for large entities.
d) Be capable of consistently delivering exceptionally high quality written products, within budgeted time and cost.
e) Be capable of quickly responding to expedited audit requests.
f) Undergo a periodic peer review and provide documentation of the results of the peer review.
g) Have competent technology skills in Microsoft Office Suite and other pertinent software (such as data extraction programs).
h) Be able to demonstrate their monitoring procedures for assuring the independence of management and employees.
i) Be able to demonstrate that the Contractor is in compliance with continuing professional education standards established by generally accepted government auditing standards (GAGAS 3.76).
j) Be able to demonstrate their quality control procedures to achieve a high quality audit.
k) Be able to demonstrate to the County whether staff-members are employees or contractors.
l) If required by the County, be able to demonstrate that assigned personnel (including subcontractors) have successfully passed background checks that meet the requirements of the engagement.
m) Be able to demonstrate that working papers and information is securely maintained and readily available.
n) Be capable of preparing and providing agreed upon procedures audit reports with management letters and consultant reports for the engaged audits in accordance with applicable standards.
o) Be able to provide information on any pending lawsuits against the company.
p) Be able to provide a narration on their auditing process and working papers’ documentation to include but not limited to the following:

- Document the process for conducting interviews and findings uncovered during the course of an audit.
- Provide the Contractor’s policy and practice on entrance and exit conferences during the course of an audit.
- Describe the Contractor’s method of communicating internal control weaknesses.

q) Be able to submit five (5) samples of prior work composed of two (2) risk assessment reports and three (3) audit reports, all of which were not performed for Prince William County Government. These samples will be considered confidential.

1.3.7 Assignment of Projects

While it is the intent of the County to contract out a portion of its internal audit work, actual projects with specifically defined scope of services are not now available and will only be developed if needed. There is no guarantee to the Contractor that they will be awarded any projects. The County reserves the right to issue a separate solicitation for any project.
The Contractor shall not commence the service for any project until a purchase order has been executed by the County, and directed to proceed on that project by the Audit Services Department, or another responsible County official.

1.4 Task Request Procedure

As County projects become known, the County shall provide a task request to the Contractor. The Contractor shall submit a task proposal to the County for each project based on the Contractor's Schedule of Rates.

The County may request a meeting with the Contractor to discuss the proposed scope of work. Based upon the request and any subsequent meetings/negotiations, the Contractor shall prepare a written task proposal within ten (10) business days from the County’s task request.

The Contractor's task proposal should include, but not be limited to, the following:

1. The detailed scope of work, terms and conditions, other related special conditions, and management plan.
2. Key personnel assigned to the task.
3. The detailed cost of deliverables.
4. The estimated staffing by position title, estimated number of hours for each, billable rates of pay, and total estimated cost for the task. All expenses shall be included in the hourly rate and shall cover salary, benefits, profit, and all other expenses for overhead, insurance, equipment, etc.
5. Identify subcontractors required for the task. Provide detailed information as required in item 4.
6. Reimbursable costs required for the task. Reimbursable costs shall consist of non-employee costs such as postage, copying charges, transportation, etc.
7. A list of any materials or information required from the County to complete the task order scope of services. The Contractor shall be responsible for obtaining information from the County at its own cost and expense for those items that are generally available to the public and are also essential for completion of the task. Those items shall be furnished when available and in the form available.
8. Proposed dates of work commencement and completion.
9. Contractor shall sign and date task proposal.

The Contractor may propose additional subcontractors for disciplines not already identified in the contract. Such subcontractors shall require approval by the Contract Administrator.

The County may request that the Contractor make an oral presentation. Such a presentation may include, but is not limited to, explanations of the proposed approach, workplan, and cost estimate.

No compensation shall be paid to the Contractor for the preparation and delivery of task proposals. The County reserves the right to request from the Contractor additional information as determined necessary prior to commencing with negotiations.

Within seven calendar days from final negotiations, the Contractor shall prepare and deliver the best and final task proposal to the Contract Administrator. The Contractor's final proposal shall be attached and incorporated in the final executed task order and made a part thereof. No work shall begin until the Contractor receives a fully-executed Task Request and Purchase Order.

Hidden conditions and additional services required outside the original task order shall be addressed and a cost agreed upon between the County and the Contractor. A Change Order to the Task Order and Purchase Order shall be issued before these services are performed.
ATTACHMENT B

PAYMENT SCHEDULE

1) Fixed Hourly Rate for Other Consulting Services:

<table>
<thead>
<tr>
<th>Title</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner</td>
<td>$290</td>
<td>$299</td>
<td>$308</td>
<td>$317</td>
<td>$326</td>
</tr>
<tr>
<td>Director</td>
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<td>$276</td>
<td>$284</td>
<td>$293</td>
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<tr>
<td>Manager</td>
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<td>$227</td>
<td>$233</td>
<td>$240</td>
<td>$248</td>
</tr>
<tr>
<td>Supervisor</td>
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<td>$175</td>
<td>$180</td>
<td>$186</td>
<td>$191</td>
</tr>
<tr>
<td>Staff</td>
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<td>$134</td>
<td>$138</td>
<td>$142</td>
<td>$146</td>
</tr>
<tr>
<td>Clerical</td>
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<td>$85</td>
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<td>$90</td>
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2) Fixed Per Meeting Rate for Meeting Attendance: (a)

<table>
<thead>
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<th>Title</th>
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<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner</td>
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<tr>
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<td>$1,075</td>
<td>$1,075</td>
<td>$1,125</td>
</tr>
</tbody>
</table>

3) Reimbursable Costs

All reimbursable items (e.g., travel, printing, reproduction, etc) to be reimbursed at actual cost with no markup.

4) Subcontractors

Any subcontractors will be reimbursed at no markup.

(a) If the Partner, Director, or Manager is already on-site at Prince William County, the meeting charge will not exceed the lesser of the hours required for the meeting, at Section 1 rates, or the fixed per meeting rate.