

CITY OF CULVER CITY
STANDARD FORM CONTRACT

WITH: MOSS ADAMS LLP

FOR: INTERNAL AUDITING SERVICES

THIS AGREEMENT is made and entered into by and between THE CITY OF CULVER CITY, a municipal corporation, hereinafter referred to as "City," and MOSS ADAMS LLP, hereinafter referred to as "Consultant."

1. CONSULTANT'S SERVICES. Consultant agrees to perform, during the term of this Agreement, the tasks, obligations, and services set forth in the "Scope of Service" attached to and incorporated into this Agreement as Exhibit "A."
2. TERM OF AGREEMENT. The term of this Agreement shall be from the effective date pursuant to Section 27 of this Agreement and shall end upon June 30, 2016; provided that City's Chief Financial Officer, in his sole discretion, may renew this Agreement for up to four additional year terms subject to future year appropriations.
3. PAYMENT FOR SERVICES. City shall pay for the services performed by Consultant pursuant to the terms of this Agreement, the compensation set forth in the "Schedule of Compensation" attached to and incorporated into this Agreement as Exhibit "B." The compensation shall be paid at the time and manner set forth in said Exhibit "B."
4. TIME FOR PERFORMANCE. Consultant shall not perform any work under this Agreement until (a) Consultant furnishes proof of insurance as required under Section 7 of this Agreement; and, (b) City gives Consultant a written and signed Notice to Proceed.
5. DESIGNATED REPRESENTATIVE(S). Mark Steranka, Managing Director, shall be the designated Consultant Representative, and shall be responsible for job performance, negotiations, contractual matters, and coordination with the City. Consultant Representative shall actually perform, or provide immediate supervision of Consultant's performance of, the Scope of Service.
6. HOLD HARMLESS. To the fullest extent permitted by law, Consultant shall indemnify, defend (at Consultant's sole expense, with legal counsel approved by City, which shall not be unreasonably withheld) and hold harmless the City of Culver City, members of its City Council, its boards and commissions, officers, agents, and employees (hereinafter, "Indemnitees"), from and against all loss, damage, cost, expense, liability,

claims, demands, suits, attorneys' fees and judgments arising out of or in any manner related to personal injury (including death) or damage to real or tangible personal property to the extent caused by the negligent or willful misconduct of Consultant in the performance of this Agreement. This indemnification includes, but is not limited to, tort liability to a third person for bodily injury and property damage.

Notwithstanding the foregoing, nothing herein shall be construed to require Consultant to indemnify an Indemnitee from any claim arising from the negligence or willful misconduct of that Indemnitee.

The duty to defend referenced herein is wholly independent from the duty to indemnify, arises upon written notice by City to Consultant of a claim within the potential scope of this indemnification provision, and exists regardless of any determination of the ultimate liability of Consultant, City or any Indemnitee. In the event of a claim for which the City may seek indemnification hereunder, the City shall provide Consultant with prompt written notice of such claim and cooperate with Consultant in handling the claim. Consultant shall be entitled to control the handling of such claim and to defend or settle any such claim, in its sole discretion, with counsel of its own choosing (which counsel shall be reasonably acceptable to City).

7. INSURANCE. Without limiting its obligations pursuant to Section 6 of this Agreement, the Consultant shall procure and maintain, at Consultant's own cost and expense and for the duration of this Agreement, insurance coverage as set forth in "Insurance Requirements" attached to and incorporated into this Agreement as Exhibit "C."
8. INDEPENDENT CONTRACTOR STATUS. City and Consultant agree that Consultant, in performing the services herein specified, shall act as an independent contractor and shall have control of all work and the manner in which it is performed. Consultant shall be free to contract for similar service to be performed for other employers while under contract with City. Consultant is not an agent or employee of City, and is not entitled to participate in any pension plan, insurance, bonus, worker's compensation or similar benefits City provides for its employees. Consultant shall be responsible to pay and hold City harmless from any and all payroll and other taxes and interest thereon and penalties therefor which may become due as a result of services performed hereunder.
9. NON-APPROPRIATION OF FUNDS. Payment due and payable to Consultant for current services is within the current budget and within an available, unexhausted and unencumbered appropriation of City. In the event City has not appropriated sufficient funds for payment of Consultant services beyond the current fiscal year, this Agreement shall cover only those costs incurred up to the conclusion of the current fiscal year.

10. ASSIGNMENT. This Agreement is for the specific services with Consultant as set forth herein. Any attempt by Consultant to assign the benefits or burdens of this Agreement without written approval of City shall be prohibited and shall be null and void; except that Consultant may assign payments due under this Agreement to a financial institution.
11. RECORDS AND INSPECTIONS. Consultant shall maintain full and accurate records with respect to all services and matters covered under this Agreement. City shall have free access at all reasonable times to such records, and the right to examine and audit the same and to make transcripts therefrom, and to inspect all program data, documents, proceedings and activities. Consultant shall maintain an up-to-date list of key personnel and telephone numbers for emergency contact after normal business hours.
12. OWNERSHIP OF CONSULTANT'S WORK PRODUCT. City shall be the owner of any and all final reports and other completed deliverables prepared by Consultant in performance of this Agreement and provided to the City (excluding any Consultant Material (defined below) contained or embodied therein (hereafter, "Work Product"). Such Work Product shall be transmitted to City within ten (10) days after a written request therefor. Work Product is for the internal use of the City. Consultant may retain copies of such Work Products. All written Work Products shall be provided to City in digital and in hard copy form. Consultant shall own its working papers and any engagement documentation and accounting-related general skills, know-how, expertise, ideas, concepts, methods, techniques, processes, software, materials or other intellectual property which may have been discovered, created, received, developed or derived by Consultant either prior to or as a result of providing services under the Agreement (collectively, "Consultant Materials"). The City shall have a non-exclusive, non-transferable license to use Consultant Materials for its own internal use and only for the purposes for which they are delivered to the extent they form part of a Work Product. Notwithstanding anything to the contrary in this Agreement, Consultant and its personnel are free to use and employ their general skills, know how, and expertise, and to use, disclose, and employ any generalized ideas, concepts, know-how, methods, techniques, or skills gained or learned during the course of this Agreement so long as they acquire and apply such information without any unauthorized use or disclosure of confidential or proprietary information of the City.
13. NOTICES. All notices given or required to be given pursuant to this Agreement shall be in writing and may be given by personal delivery, facsimile, overnight delivery, or by U.S. Mail. All written notices or correspondence sent pursuant to this paragraph will be deemed given to a party on whichever date occurs first; the date of personal delivery; the date of transmission, if sent by facsimile (with proof of transmission); the next business day following deposit with an overnight mail carrier; the fifth day following deposit in the U.S. Mail, when sent by "first class mail."

Notice sent by U.S. Mail shall be addressed as follows:

To City: City of Culver City
Attention: Jeff Muir, Chief Financial Officer
9770 Culver Boulevard
Culver City, CA 90232-0507

To Consultant: Moss Adams LLP
Attention: Mark Steranka, Managing Director
10960 Wilshire Boulevard, Suite 1100
Los Angeles, CA 90024

With a copy to:
Moss Adams LLP
Attn: General Counsel
999 Third Avenue, Suite 3300
Seattle, WA 98104

14. TAXPAYER IDENTIFICATION NUMBER. Consultant shall provide City with a complete Request for Taxpayer Identification Number ("TIN") and Certification, Form W-9, as issued by the Internal Revenue Service.
15. PERMITS AND LICENSES. Consultant, at its sole expense, shall obtain and maintain during the term of this Agreement, all appropriate permits, licenses, and certificates that may be required in connection with the performance of services under this Agreement including, but not limited to, a Culver City business tax certificate.
16. APPLICABLE LAWS, CODES AND REGULATIONS. Consultant shall perform all work in accordance with all applicable laws, codes and regulations required by all authorities having jurisdiction over such work.
17. PURCHASES OF SUPPLIES AND MATERIALS WITHIN CULVER CITY. For work performed under this Agreement, Consultant agrees to seek bids for supplies and materials from businesses located within the City of Culver City, with the intent to make purchases from these businesses if such purchases can be made at competitive prices.
18. RIGHT TO UTILIZE OTHERS. City reserves the right to utilize others to perform work similar to the services provided hereunder.
19. MODIFICATION OF AGREEMENT. This Agreement may not be modified, nor may any of the terms, provisions or conditions be modified or waived or otherwise affected, except by a written amendment signed by all parties hereto.
20. WAIVER. If at any time one party shall waive any term, provision or condition of this Agreement, either before or after any breach thereof, no

party shall thereafter be deemed to have consented to any future failure of full performance hereunder.

21. COVENANTS AND CONDITIONS. Each term and each provision of this Agreement to be performed by Consultant shall be construed to be both a covenant and a condition.
22. RIGHT TO TERMINATE. City may terminate this Agreement at any time, with or without cause, in its sole discretion, with thirty-days' (30-days') written notice. Consultant may terminate this Agreement at any time with cause with thirty-days' (30-days') written notice and failure of the City to cure the cause within those 30 days.
23. EFFECT OF TERMINATION. Upon termination as stated in Section 22 of this Agreement, City shall be liable to Consultant only for work satisfactorily performed by Consultant up to and including the date of termination of this Agreement, unless the termination is for cause, in which event Consultant need be compensated only to the extent required by law.
24. GOVERNING LAW. The terms of this Agreement shall be interpreted according to the laws of the State of California. If litigation arises out of this Agreement, then venue shall be in the Superior Court of Los Angeles County.
25. LITIGATION FEES. If litigation arises out of this Agreement for the performance thereof, then each party shall be responsible for its own costs and expenses, including attorney's fees.
26. INTEGRATED AGREEMENT. This Agreement represents the entire Agreement between City and Consultant regarding the subject matter hereof, and constitutes a complete and exclusive statement of the terms of the agreement between the parties with respect to the subject matter. No verbal agreement or implied covenant shall be held to vary the provisions of this Agreement. This Agreement shall bind and inure to the benefit of the parties to this Agreement, and any subsequent successors and assigns.
27. EFFECTIVE DATE. The effective date of this Agreement is the date it is signed on behalf of City. This Agreement shall remain in full force and effect until amended or terminated; provided, that the indemnification and hold harmless provisions shall survive the termination.
28. LIMITATION ON LIABILITY. EXCEPT FOR INDEMNIFICATION OBLIGATIONS UNDER SECTION 6, IN NO EVENT WILL EITHER PARTY BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL

EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

29. NO THIRD PARTY BENEFICIARIES. The City and Consultant are the only parties to this Agreement and are the only parties entitled to enforce its terms. Nothing in this contract gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly, indirectly or otherwise, to third persons.

MOSS ADAMS LLP

Dated: 12/22/15

By Mark Steranka

Mark Steranka
Name

Partner
Title

Dated: _____

By _____

Name

Title

CITY OF CULVER CITY, CALIFORNIA

Dated: 29 DEC 2015

By Martin R. Cole

John Nachbar **MARTIN R. COLE**
Asst City Manager

APPROVED AS TO CONTENT:

Jeff Muir
Jeff Muir
Chief Financial Officer

APPROVED AS TO FORM:

Carol A. Schwab
Carol A. Schwab
for **City Attorney**

EXHIBIT A

CITY OF CULVER CITY
AGREEMENT

WITH: MOSS ADAMS LLP

FOR: INTERNAL AUDITING SERVICES

SCOPE OF SERVICE

Consultant shall satisfactorily perform Tasks 1, 2 and 3 as set forth in Consultant's proposal entitled "**City of Culver City Internal Audit Services for FY 15-16, Scope of Work;**" which is attached hereto, and incorporated herein by reference as though fully set forth.

**City of Culver City
Internal Audit Services for FY 15-16
Scope of Work**

I. Project Understanding

Below please find the internal audit scope of work for FY 15-16. The scope of work encompasses three primary activities, which include 1) internal controls review, 2) enterprise risk assessment, and 3) additional payroll and accounts payable reviews.

II. Work Plan

1. Perform a review of the enterprise internal control environment in place at the City. This includes evaluating the adequacy of segregation of duties, transfers of accountability, supervisory reviews and approvals, reconciliations, physical safeguards over cash, checks and critical forms (such as handwritten receipts, permits and licenses), and existence of written procedures. These should include the following financial processes at the City:
 - a. Payroll
 - b. Purchasing and Accounts Payable
 - c. Monthly account reconciliation and closing
 - d. Cash receipts and cash handling
 - e. Revenues and billings
 - f. Accounts receivables and compliance
 - g. Grant management and compliance
 - h. Budgeting and funds
 - i. IT general controls
2. In conjunction with key City staff, perform a risk assessment of City operations. Utilize the results of the risk assessment and internal controls review to prioritize the areas for internal audit work to be performed. From this prioritization, develop a multi-year internal audit schedule encompassing all City departments. Review the risk assessment and the internal audit schedule annually with City management and adjust accordingly to reflect any changes in the internal or external environment that affect the risks the City is facing.

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II. Work Plan

3. Perform additional payroll and accounts payable reviews to address as many areas as possible, such as:
 - a. W-4 Processing: proper setup, correct processing, and what, if any, forms need to be sent to State/Fed?
 - b. Take Home Vehicles: following IRS rules
 - c. Payroll Garnishments: state/federal levies are properly calculated, and child support is following hierarchy rules
 - d. 1099 Processing: setting up the correct vendors
 - e. Contractors/Consultants vs. Employees: contract employees meet the criteria to not be considered full-time employees
 - f. FICA/Medicare: include/exclude the correct pays and deductions
 - g. State Disability Insurance (SDI): include/exclude the correct pays and deductions
 - h. Miscellaneous Pays Processed Through Payroll: correctly taxed/not taxed
 - i. Military Pay: calculate differential correctly; calculate full pay correctly; and properly apply Medicare

III. Schedule

- Task 1: October through February
- Task 2: November through March
- Task 3: TBD, based on availability of personnel

IV. Budget

The proposed total cost not to exceed, including professional fees and out-of-pocket expenses for travel, for each task are provided below.

- Task 1: \$30,000
- Task 2: \$30,000
- Task 3: \$30,000

It is our practice to manage our engagements carefully in order to not exceed proposed fees. If the scope of the engagement changes, then our project manager will meet with the City to discuss prior to proceeding with any changed scope. Fees and expenses will be billed monthly as incurred.

EXHIBIT B

CITY OF CULVER CITY
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SCHEDULE OF COMPENSATION
(PER TASK BASIS)

1. **METHOD OF PAYMENT.** Payment for all work performed by Consultant pursuant to the terms of this Agreement for fiscal year (FY) 2015-2016, including Consultant's meeting with City staff, shall be made on the basis of the per Task rates set forth below:

Task 1: \$30,000

Task 2: \$30,000

Task 3: \$30,000

2. **BILLING.** At the end of each calendar month in which services are performed or expenses are incurred under this Agreement, and prior to the 10th day of the following month, Consultant shall submit an invoice to the City at the following address:

City of Culver City
Attn: Jeff Muir, Chief Financial Officer
9770 Culver Boulevard
Culver City, CA 90232-0507

The invoice submitted pursuant to this paragraph shall show the City Agreement Number, the dates on which the services were performed, a description of the services performed, actual out-of-pocket expenses incurred in the performance of the services, and such other information as City may reasonably require.

3. **TIME OF PAYMENT.** Payment to Consultant shall be made within thirty (30) days after submittal of Consultant's invoice and approval by City, in accordance with City's normal demand procedure.

4. MAXIMUM COMPENSATION. Notwithstanding the foregoing, Consultant shall complete all the work and tasks described in Exhibit A for a total amount of compensation that does not exceed Ninety Thousand Dollars (\$90,000.00) for FY 2015-2016, which amount includes all out-of-pocket expenses.

EXHIBIT C

CITY OF CULVER CITY
AGREEMENT

WITH: MOSS ADAMS LLP

FOR: INTERNAL AUDITING SERVICES

INSURANCE REQUIREMENTS

A. Policy Requirements.

Consultant shall submit duly executed certificates of insurance for the following:

1. An occurrence based Commercial General Liability ("CGL") policy, at least as broad as ISO Form CG 0001, in the minimum amount of One Million Dollars (\$1,000,000) each occurrence, with not less than Two Million Dollars (\$2,000,000) in annual aggregate coverage.

The CGL Policy shall have the following requirements:

- a. The policy shall provide coverage for personal injury, bodily injury, death, accident and property damage and advertising injury, as those terms are understood in the context of a CGL policy. The coverage shall not be excess or contributing with respect to City's self-insurance or any pooled risk arrangements;
- b. The policy (or a separate Automobile Policy) shall provide \$1,000,000 combined single limit coverage for owned, hired and non-owned automobile liability;
- c. The policy shall include coverage for liability undertaken by contract covering, to the maximum extent permitted by law, Consultant's obligation to indemnify the indemnitees as required under Paragraph 6 of this agreement;
- d. The Policy shall not exclude coverage for Completed Operations or Hazards; and
- e. **The City of Culver City, members of its City Council, its boards and commissions, officers, agents, and employees will be named as an additional insured** in an endorsement to the policy (blanket endorsement acceptable), which shall be provided to the City and approved by the City Attorney.

2. Reserved.
3. Professional/Negligent Acts, Errors and Omissions Insurance in the minimum amount of One Million Dollars (\$1,000,000) per claim, and shall include coverage for separate "personal injury" alleged to have been committed in the course of rendering professional services, unless such coverage is provided by the CGL policy listed in subparagraph (a), above.
4. Workers' Compensation limits as required by the Labor Code of the State of California with Employers' Liability limits of One Million Dollars (\$1,000,000.00) per accident, if the Agreement will have Consultant employees working within the City limits.

B. Waiver by City.

City may waive one or more of the coverages listed in Section A, above. This waiver must be express and in writing, and will only be made upon a showing by the Consultant that its operations in and with respect to City are not such as to impose liability within the scope of that particular coverage.

C. Additional Insurance Requirements.

1. All insurance listed in Paragraph A shall be issued by companies licensed to do business in the State of California, with a claims paying ability rating of "BBB" or better by S&P (and the equivalent by any other Rating Agency) and a rating of A-VII or better in the current Best's Insurance Reports;
2. Consultant shall endeavor to provide City with at least thirty (30) days prior written notice of any modification, reduction or cancellation of any of the Policies required in Paragraph A, or a minimum of ten (10) days' notice for cancellation due to non-payment, provided Consultant does not promptly obtain replacement coverage that meets the requirements of this Exhibit C .
3. City may increase the scope or dollar amount of coverage required under any of the policies described above, or may require different or additional coverages, upon prior written notice Consultant. Consultant may terminate the Agreement in the event it is unable or unwilling to meet the increased coverage requirements.