



State of Delaware  
Office of Auditor of Accounts  
Enters Into Contract With  
**Santora CPA Group**

AOA Contract Number **AOA12-DEDAFS-01**

For a Financial Audit of  
**Delaware Economic Development Authority (DEDA)**

For Fiscal Years Ended June 30, 2011 and 2012

This Contract, entered into by and between Santora CPA Group (hereinafter called Contractor) and State of Delaware (State), Office of Auditor of Accounts (AOA), Witnesses that:

Whereas, the AOA desires to engage the Contractor to render certain professional services in accordance with the Request for Proposal RFP12-CPA-01 and the Contractor's proposal dated October 12, 2011.

The parties hereto do mutually agree as follows:

1. Employment of the Contractor. The AOA agrees to engage the Contractor and the Contractor agrees to perform the services as set forth in Section 2 of this Contract. These services shall be referred to as the "engagement."

Should conditions not now anticipated preclude the Contractor from completing the engagement and issuing a report as contemplated by the preceding paragraph, the Contractor will advise the AOA promptly and take such further action as the AOA and the Contractor deem appropriate.

2. Scope of Services. The Contractor shall perform the services as described in this Contract to include:

a. An initial assessment of applicable accounting standards for the entity type as set forth by the Government Accounting Standards Board.

b. A detailed engagement plan and programs to be submitted to the AOA Engagement Liaison for their review and approval before the work can commence.

- Fiscal Year June 30, 2011                      December 15, 2011
- Fiscal Year June 30, 2012                      September 14, 2012

c. An entrance conference must be held with the engagement entity's key personnel each fiscal year. At the entrance conference, the firm must provide the engagement entity with a time schedule for the engagement and a listing of all information needed.

d. The final reports and related auditor's opinion will conform to all requirements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

e. The AOA acknowledges that there are inherent limitations in the audit process, including, for example, the concept of selective testing and the possibility that collusion or forgery may preclude the detection of errors and irregularities. Subject to the foregoing, the reports must identify any material noncompliance with applicable laws, rules, and/or regulations, and the Contractor must promptly report to the AOA any material situations or transactions that could be indicative of fraud, abuse, illegal acts, material errors, defalcations, or other irregularities.

f. The reports must refer to the basic financial statements and appropriately detailed supplemental schedules, if necessary.

g. The reports must contain an expression of an opinion that the financial statements are fairly presented, or a qualified or adverse opinion as to certain funds or items in the financial statements, or a disclaimer of opinion and the reasons therefore and shall explain in every detail any unusual items or circumstances under which the auditor was unable to reach a conclusion.

h. If certain information is prohibited from general disclosure, the reports should state the nature of the information omitted and the requirement that makes the omission necessary.

i. The reports must address the status of any findings and recommendations disclosed in previous audit reports.

j. The AOA acknowledges that the financial statements are the responsibility of the DEDA, which is responsible for maintaining effective internal controls, for properly recording transactions in the accounting records, for safeguarding assets, and for the overall fair presentation of the financial statements.

k. The AOA will distribute copies of the reports to the appropriate officials.

3. Applicable Auditing Standards. The engagement must be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

4. Compensation. The AOA agrees to pay the Contractor the following maximum compensation, to include all costs and minus any late penalty fees for the services as defined in Paragraph 3.

- Fiscal Year June 30, 2011 \$28,435
- Fiscal Year June 30, 2012 \$19,600

Progress payments up to 90 percent will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the Contractor's dollar cost bid proposal. Out-of-pocket expenses will be reimbursed at the prevailing rates used by the State. Interim billing shall cover a period of not less than a calendar month. Ten percent of the contract amount will be retained until the Exit Conference has been held and the final reports have been reviewed and accepted by the AOA. The Contractor **must** submit all invoices via email (no paper invoices) to [Wendy.Roberts@state.de.us](mailto:Wendy.Roberts@state.de.us) for approval. The AOA will forward the approved invoice to the DEDA for payment.

If the draft and final reports are not submitted on the due dates as explained in Section 6 and a written approval for an extension has not been granted, then 5 percent shall be deducted from the contract cost.

5. Data to be Furnished to the Contractor. All information, data, reports, and records, as are necessary for the carrying out of the work, shall be furnished to the Contractor without charge by the DEDA, and the DEDA shall use its good faith efforts to cooperate with the Contractor in every way possible in performing the work.

6. Time of Performance. The services of the Contractor are to commence at signing of this Contract.

Kimberly Judy, CPA, Audit Manager, is appointed as your AOA Engagement Liaison and can be reached at 302-857-3931, or [Kimberly.Judy@state.de.us](mailto:Kimberly.Judy@state.de.us). The AOA Engagement Liaison requires a minimum of 10 business days for each review and to return any comments to the Contractor. Reports **must** be formatted in accordance with the AOA Style Guide.

Draft Reports – Prior to obtaining management's response but after going through a supervisory and technical review, the draft reports will be submitted via email to the AOA Engagement Liaison on or before the following dates.

- Fiscal Year June 30, 2011 February 15, 2012
- Fiscal Year June 30, 2012 November 1, 2012

The Contractor must provide an electronic version of the draft reports to the engagement entity's principal contact or designee for their review and approval. The engagement entity's principal contact or designee should complete their review of the draft reports as expeditiously as possible. During management review, the Contractor must be available to discuss the engagement reports and resolve any issues. After all issues are resolved and management has approved the draft reports, an electronic version of the draft reports must be forwarded to the AOA Engagement Liaison for final review by the following dates.

- Fiscal Year June 30, 2011 March 15, 2012
- Fiscal Year June 30, 2012 November 30, 2012

Final Reports – Once the AOA Engagement Liaison approves the reports for issuance, the final reports must be emailed in an unsecured PDF format to the Engagement Liaison by the following dates. The AOA will insert the reports issuance date on the title page via Adobe Acrobat Standard. The AOA will distribute copies of the reports to the appropriate officials and will include the Contractor in that communication.

- Fiscal Year June 30, 2011                      March 30, 2012
- Fiscal Year June 30, 2012                      December 14, 2012

Progress Reporting and Exit Conference – The Contractor must keep the engagement entity updated on the progress of the engagement. After the engagement has been completed, an exit conference must be held with the engagement entity’s key personnel and the AOA Engagement Liaison.

7. Personnel.

a. All of the services required under this Contract shall be performed by the Contractor or under its supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized under state and local law to perform such services.

b. No work or services shall be subcontracted.

c. The Contractor represents that it has, or will secure at its own expense, all personnel required in performing the services under this Contract.

d. The Contractor states that the organization is an equal opportunity employer. No person or group shall be excluded from participation, denied any benefits, or subjected to discrimination on the basis of race, color, national origin, or disabilities.

e. The Contractor is an independent contractor and the Contractor shall not be deemed an employee or agent of the State.

f. The Contractor may be required to obtain a security clearance, issued by the Delaware Department of Safety and Homeland Security, Delaware State Police, as determined by the AOA, at the cost of the Contractor. If determined by the AOA to be necessary, the Contractor also agrees to permit the State to perform a criminal history background investigation of any of the Contractor’s engagement staff, which will also be at the cost of the Contractor. If any of the Contractor’s engagement staff has been convicted of a crime, the Contractor shall remove such staff from the engagement at the request of the AOA.

8. Use of Work Product. All reports developed under this Contract are the sole and exclusive property of the State, and the State has the exclusive right to their use.

9. Engagement Documentation. At the expense of the Contractor, the engagement documentation shall be retained for a period of at least three years after the completion of the engagement and the delivery of the final reports. The engagement documentation may be subject to a quality review by the AOA or their representatives at the conclusion of the work and prior to the reports issuance.

10. Assurances. The Contractor hereby assures and certifies that it will comply with the pertinent laws, regulations, policies, guidelines, and requirements of the jurisdiction in which the Contract is performed. Also, the Contractor assures and certifies with respect to the Contract that:

a. The Contractor is legally authorized to enter into this Contract.

b. The Contractor shall establish safeguards to prohibit employees from using their positions for a purpose that is, or gives the appearance of being, motivated by a desire for unlawful gain for themselves or others, particularly those with whom they have family, business, or other ties.

c. The Contractor is independent, is currently licensed to practice in the State, and has provided the AOA with a copy of the Contractor's State Occupational License, issued by the Division of Revenue, and the proper licensure for the Contractor and each CPA on the engagement team in accordance with 24 Del. C., Chapter 1, Sections 106-112.

The Contractor will maintain its requirements for Peer Review and Training under the Audit Standards and will notify the AOA immediately if the Contractor fails to do so.

The Contractor will notify the AOA if it is subject to an investigation or charges under the American Institute of CPAs or respective State Board of Accountancy.

d. The Contractor certifies that it shall maintain such insurance as will protect against claims under Worker's Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this Contract. The Contractor shall, at its expense, carry insurance of minimum limits as follows:

- (1) Commercial General Liability.....\$1 million per claim/  
\$3 million aggregate
- (2) Professional Liability.....\$1 million per claim/  
\$3 million aggregate

The Contractor shall provide evidence of such insurance upon request of the AOA.

e. The Contractor is, and will remain for the duration of this Contract, in good financial standing with the State.

11. Assignability. Neither party shall assign or otherwise transfer any interest in this Contract without the prior written consent of the other.

12. Interest of the Contractor. The Contractor covenants that he presently has no interest and shall not acquire any interest, direct or indirect, which would create a conflict of interest that would materially impact the Contractor's ability to perform the services required to be performed under this Contract. The Contractor further covenants that in the performance of the Contract, no person having any such interest shall be assigned to this engagement. The Contractor will notify the AOA of any additional work with the entity under contract.

13. Confidentiality of Information. Any reports, information, data, etc., given to, prepared, or assembled by the Contractor under this Contract shall not be released or made available to any individual or organization by the Contractor without the prior written approval of the AOA. All information must be properly secured to prevent unauthorized access.

14. Audits and Inspections. Upon request, during normal business hours and as often as the AOA may deem necessary, the Contractor shall make available for examination to the AOA and/or its representatives, its records with respect to all matters covered by this Contract and will permit the AOA and/or its representatives to audit, examine, and make copies of such records at the requestor's own expense.

15. Indemnification. The Contractor shall defend, indemnify, and save harmless the State from and against all liability, damages, costs or expenses, causes of actions, suits, judgments, losses, and claims including reasonable attorneys' fees, brought against the State arising out of or resulting from the performance of the auditing services by the Contractor under the Contract resulting from this RFP (RFPI2-CPA-01) to the extent caused by the Contractor's negligence or arising from any breach or default by the Contractor under such Contract. The foregoing obligation of the Contractor to defend, indemnify, and hold harmless the State shall not extend or apply to any claim alleging that the State's financial statements are inaccurate or incomplete or where not prepared in accordance with generally accepted accounting principles. Further, in no event will the Contractor indemnify and hold harmless the State from any claims or liabilities resulting from the acts of the State.

16. Funding Out Clause. If sufficient funds are not appropriated by the Delaware General Assembly or other appropriate federal or State entities to sustain in whole or in part, the DEDA's performance under this Contract, or if such appropriation is reduced such that its amount is insufficient to sustain said performance, this agreement shall be null and void at the insistence of the DEDA. If such termination should occur, the AOA shall advise the Contractor as soon as practicable.

17. Changes. The AOA may request a change in the scope of services of the Contractor to be performed under this Contract. Such changes, including any increase or decrease in the amount of the Contractor's compensation, which are mutually agreed upon by and between the AOA and the Contractor, shall be incorporated in written amendments to the Contract as permitted by law.

18. Termination. The AOA may terminate this Contract at any time by giving written notice to the Contractor of such termination. The notice shall state the effective date. Upon such termination, the Contractor will be paid for the hours of work actually completed.

The Contractor shall not be relieved of any liability to the State for damages suffered by it by virtue of any breach of the Contract by the Contractor. The AOA may withhold any payments to the Contractor for the purpose of set off for such damages. The AOA may review engagement documentation for work performed up to the date of termination.

19. Severability. If any portion of this Contract is held to be void, invalid, or otherwise unenforceable, in whole or part, the remaining portions of this Contract shall remain in effect.

20. Entire Agreement. This Contract, AOA12-DEDAFS-01, and any subsequent amendments, and any separate confidentiality agreement the parties may sign, the Purchase Order, the Request for Proposal, and the Contractor's proposal, contain the entire agreement between the parties. In the event there is a conflict between any of these contract documents, the following order of documents governs so that the former prevails over the latter: Contract, AOA-12-DEDAFS-01, any subsequent amendments and any separate confidentiality agreement the parties may sign, the Purchase Order, the Request for Proposal, and the Contractor's proposal.

21. Governing Law. This Contract shall be governed by the Laws of Delaware. The Contractor agrees that any litigation relating to this Contract shall be filed and litigated in a court in the State.

This Contract will be binding on both parties upon signature of the Contractor and the AOA and upon receipt by the Contractor of an approved State purchase order.

**For a Financial Audit of  
Delaware Economic Development Authority  
For Fiscal Years Ended June 30, 2011 and 2012  
Contract Number AOA12-DEDAFS-01**

In Witness Whereof, the State of Delaware, Office of Auditor of Accounts, and Contractor have executed this contract through their duly authorized representatives.

**State of Delaware  
Office of Auditor of Accounts**

Witness:  
Date: 11-29-11

Name: Kathleen A. O'Donnell, CPA-PA, CISA, CGFM, CGAP  
Title: Chief Administrative Auditor  
Signature: \_\_\_\_\_  
Date: 11/29/11

**Santora CPA Group**

Date: 11/29/11

By: \_\_\_\_\_  
Print name: John A. D'Agostino  
Title: Director

State of: Delaware  
County of: New Castle

This instrument was acknowledged before me on this 16th day of November, 2011 by John A. D'Agostino as Director

Notarial Office \_\_\_\_\_  
