

The State Bar of California

REQUEST FOR PROPOSAL



Please note the revised content in red.

This document is a Request for Proposal (“RFP”) for Internal Audit Services.

The State Bar of California is requesting proposals from qualified firms to provide internal audit services. At this time, the State Bar’s Audit Committee is seeking specific proposals to audit internal controls pertaining to the Bar’s Procurement & Accounts Payable, Payroll, and Budgetary Control business processes. Future assignments for additional audit work will be made as determined by the Board Audit Committee’s annual work plan. Other services may be included in future amendments to the contract awarded to the winning bidder of this RFP, or handled under a separate RFP at the discretion of the State Bar. The term of this engagement will be for a period of three years, with two 1-year renewal options.

Please submit 5 copies of your proposal no later than 5 p.m. on **October 23, 2009** to:

The State Bar of California
180 Howard Street
San Francisco, CA 94105-1639

Attn: Peggy Van Horn
Finance
415-538-2353
peggy.vanhorn@calbar.ca.gov

I. INTRODUCTION

The State Bar of California (“the State Bar”), created in 1927 by the Legislature and adopted into the California Constitution in 1960, is a public corporation within the judicial branch of state government. The State Bar is a unified, or integrated bar, and membership is mandatory for all attorneys who are licensed to practice law in the state. In addition to its mandated licensing and disciplinary and certification functions, the State Bar offers a number of other programs designed to assist, educate and protect its members and the public. The State Bar has offices located in Los Angeles, Sacramento

and San Francisco. More information about the State Bar can be found at http://calbar.ca.gov/state/calbar/calbar_home_generic.jsp?cid=10102

Background Information:

In September 2008, the Finance Office of the State Bar discovered the embezzlement by a former long term executive staff employee of rents received from tenants at the State Bar's 180 Howard Street headquarters. Upon discovery of the embezzlement, the Audit Committee of the Bar engaged the services of an auditing firm to perform an independent forensic review to document the scope and amount of the alleged embezzlement and to evaluate and make recommendations to improve the State Bar's internal controls over cash-receipting. The firm was further engaged to perform a high level risk scan for the overall organization. One of the recommendations from the risk scan report was the adoption of an internal audit function to be overseen by the Audit Committee. During its May 2009 meeting, the Audit Committee voted to adopt an outsourced internal audit model.

The newly established internal audit function will be an objective assurance and consulting activity, which will assist the State Bar in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The audit reports to be performed by the successful proposer should be action oriented, featuring clear priorities. All the internal audit work will be carried out at the offices of the State Bar of California, in San Francisco.

II. STATEMENT OF WORK

The selected firm will report to the Chair of the Audit Committee of the State Bar's Board of Governors, and will coordinate day-to-day activities with the State Bar's Chief Financial Officer. Any material defects are to be reported to the Audit Committee and to the Executive Director, except where the defect involves the Executive Director in which case it should be reported to the Audit Committee, the CFO and appropriate senior staff as determined by the Audit Committee. The specific reviews of the business processes identified in Section B are to be completed; reports delivered; and required presentations made by June 30, 2010. There will be additional assignments with their own timelines throughout the three year period of the contract, running for three years from the date of the initial engagement. All audit reports will become the property of the State Bar of California.

- A. The selected firm will plan and conduct internal reviews of the three business processes specified below. Each review should be designed and executed to achieve the following objectives:

1. To evaluate and test the existing internal controls pertaining to the business process.
 2. To identify significant risks and internal controls weaknesses pertaining to the business process.
 3. To recommend improvements to the internal controls and procedures pertaining to the business process to mitigate any significant risks or weaknesses identified.
- B. The business processes to be reviewed are defined as follows:
1. **Procurement and Accounts Payable:** Processes and practices intended to provide reasonable assurance that State Bar procurement policies are adhered to in all material respects, and that payments made by the State Bar are valid, duly authorized, and otherwise consistent with State Bar policies in all material respects.
 2. **Payroll:** Payroll policies and procedures for making salary and wage payment to State Bar employees in accordance with the State Bar's compensation policies and the provisions of the applicable Memorandum of Understanding (MOU) for members of recognized bargaining units.
 3. **Budget Control:** Procedures and policies to ensure that the spending of the State Bar does not exceed authorized budget levels.
- C. Tasks & Deliverables
1. Task 1: **Internal Review of Procurement & Accounts Payable**
 - a. Devise proposed scope, work plan and timeline (including the audit methodology, nature, and extent of audit procedures to be performed) for Task 1

Deliverable: Proposed Task 1 Plan document
 - b. * Present proposed scope, work plan and timeline for Task 1 to Audit Committee; receive guidance from Audit Committee
Revise and finalize scope; work plan and timeline for Task 1

Deliverable: Revised Task 1 Plan document
 - c. Execute the Task 1 work plan; prepare Task 1 Draft Report

Deliverable: Draft Task 1 Report document

- d. * Present Task 1 Draft Report to Audit Committee; receive guidance from Audit Committee; receive comments from management: revise and finalize Task 1 Report

Deliverable: Final Task 1 Report document

- e. * Present Task 1 Final Report to Audit Committee

2. Task 2: **Internal Review of Payroll**

- a. Devise proposed scope, work plan and timeline (including the audit methodology, nature, and extent of audit procedures to be performed) for Task 2

Deliverable: Proposed Task 2 Plan document

- b. * Present proposed scope, work plan and timeline for Task 2 to Audit Committee; receive guidance from Audit Committee; revise and finalize scope, work plan and timeline for Task 2

Deliverable: Revised Task 2 Plan document

- c. Execute the Task 2 work plan; prepare Task 2 Draft Report

Deliverable: Draft Task 2 Report document

- d. * Present Task 2 Draft Report to Audit Committee; receive guidance from Audit Committee; receive comments from management; revise and finalize Task 2 Report

Deliverable: Final Task 2 Report document

- e. * Present Task 2 Final Report to Audit Committee

3. Task 3: **Internal Review of Budgetary Control**

- a. Devise proposed scope, work plan and timeline (including the audit methodology, nature, and extent of audit procedures to be performed) for Task 3

Deliverable: Proposed Task 3 Plan document

- b. * Present proposed scope, work plan and timeline for Task 3 to Audit Committee; receive guidance from Audit Committee; revise and finalize scope, work plan and timeline for Task 3

Deliverable: Revised Task 3 Plan document

- c. Execute the Task 3 work plan; prepare Task 3 Draft Report

Deliverable: Draft Task 1 Report document

- d. * Present Task 3 Draft Report to Audit Committee; receive guidance from Audit Committee; receive comments from management; revise and finalize Task 3 Report

Deliverable: Final Task 3 Report document

- e. * Present Task 3 Final Report to Audit Committee

Asterisks (*) indicate required presentations to the Audit Committee of the Board of Governors of the State Bar of California.

III. GENERAL INFORMATION

The submission requirements for this RFP are set forth below. A proposal shall constitute an irrevocable offer for 60 business days following the deadline for its submission. Reference to a certain number of days in this RFP shall mean business days unless otherwise specified.

Contact with State Bar personnel in connection with this RFP may not be made other than as specified in this RFP. Unauthorized contact of any State Bar personnel may be cause for rejection of a bid.

A. Submission Requirements

To be considered responsive, a proposal must contain the following, referenced by number and in the order below:

1. A brief description of the history and organization of the bidder's firm, and of any proposed subcontractor.
2. Copies of business licenses, professional certifications or other credentials, together with evidence that bidder, if a corporation, is in good standing and qualified to conduct business in California.
3. A description of similar projects completed by the bidder within the past three (3) years.

4. Qualifications, background and experience of the project director and other staff proposed to work on the project.
5. References with contact information from organizations that have used bidder's services for similar projects/installations within the last 12-18 months.
6. A general description of the techniques, approaches and methods to be used in completing the project.
7. A description of the chronology for completing the work, including a time line and deadlines for each task.
8. A detailed cost proposal, including any travel costs and other expenses. **Bids must be itemized using Attachment A: Itemize Cost Proposal and submitted electronically in native Excel format directly to andrew.conover@calbar.ca.gov by the proposal due date listed above. Travel expense rates and caps must conform to Attachment B: Travel and Business-Related Expense Policy.** As the State Bar may award a contract based on the initial offer, a bidder should make its initial offer on the most favorable terms available. The State Bar reserves the right, however, to have discussions with those bidders falling within a competitive range, and to request revised pricing offers from them and to make an award or conduct negotiations thereafter.
9. A written acknowledgement of the acceptance of the Contracting Requirements set forth in section IV of this RFP. Specific terms may be reserved for future negotiation, but must be clearly identified and reasons given for the reservation.

Proposals which fail to address each of the submission requirements above may be deemed non-responsive and will not be further considered. Note that responses to questions must be specifically answered within the context of the submitted proposal. The State Bar's evaluation team will not refer to a designated web site, brochure, or other location for the requested information. Responses that utilize references to external materials as an answer will be considered non-responsive.

B. Rejection of Proposals

The State Bar reserves the right in its sole discretion to reject any or all proposals in whole or in part, without incurring any cost or liability whatsoever. All proposals will be reviewed for completeness of the submission requirements. If a proposal fails to meet a material requirement of the RFP, or if it is incomplete or contains irregularities, the proposal may be rejected. A deviation is material to the extent that a proposal is not in substantial accord with RFP requirements.

Immaterial deviations may cause a bid to be rejected. The State Bar may or may not waive an immaterial deviation or defect in a proposal. The State Bar's waiver of an immaterial deviation or defect will in no way modify the RFP or excuse a bidder from full compliance with the RFP requirements.

Any proposal may be rejected where it is determined to be not really competitive, or where the cost is not reasonable.

Proposals that contain false or misleading statements may be rejected if in the State Bar's opinion the information was intended to mislead the State Bar regarding a requirement of the RFP.

C. Evaluation Process and Highest Scored Bidder

An evaluation team will review, in detail, all proposals that are received to determine the Highest Scored Bidder (“HSB”).

Following the initial review and screening of the written Proposals, using the selection criteria described below, several bidders may be invited to participate in the final selection process, which may include participation in an oral interview and/or submission of any additional information as requested by the State Bar.

The State Bar reserves the right to determine the suitability of proposals on the basis of a proposal's meeting administrative requirements, technical requirements, the review team's assessment of the quality and performance of the equipment and services proposed, and cost.

During the evaluation process, the State Bar may require a bidder's representative to answer questions with regard to the proposal and/or require certain bidders to make a formal presentation to the evaluation team and/or the State Bar Senior Executive Team. The State Bar may also have discussions with those bidders falling within a competitive range, and request revised pricing offers from such bidders and make an award and/or conduct negotiations thereafter.

This Request for Proposal does not commit the State Bar to awarding a Contract. Bidders shall bear all costs incurred in the preparation of the Proposal and participating in the Proposal evaluation process. The State Bar reserves the right to reject any and all Proposals, to accept the Proposal it considers most favorable to its interest in its sole discretion, and to waive minor irregularities. The State Bar further reserves the right to seek new Proposals when such procedure is considered by it to be in the best interest of the State Bar.

1. The following criteria will be used in reviewing and comparing the proposals and in determining the HSB. The weight to be assigned to each criterion appears following each item.

- a. Responsiveness of the proposal to the submission requirements set forth in the RFP (10%).
 - b. Agreement with the State Bar's contracting requirements (10%).
 - c. The technical ability, capacity, and flexibility of the bidder to perform the contract in a timely manner and on budget, as verified by, e.g., the quality of any demonstration, client references, demonstrated success in projects with similar requirements and any other contracts with the State Bar (45%).
 - d. The total cost of the proposal solution. **Costs will be scored equally from both the fixed bid for the three deliverables (Procurement & Accounts Payable, Payroll, Budgetary Control) and from the firm hourly rates (time & materials calculated for the three year initial term).** Costs will be evaluated only if a proposal is determined to be otherwise qualified. Costs should be itemized by type to allow the State Bar to implement the solution over the term of the contract (35%).
2. If a large number of proposals are received, the State Bar reserves the right to review the proposals using a tiered evaluation system. All qualified proposals will be evaluated based on the Submission Requirements and Cost, with the top candidates advancing as finalists and receiving a full **scoring** evaluation as outlined above.

D. Award and Execution of Contract

Subject to the State Bar's right to reject any or all proposals, the HSB will be awarded the contract. Notice will be posted at the State Bar's offices at 180 Howard Street, San Francisco, CA and written notice sent to bidders on or about **November 16, 2009** of the Bar's intention to award the contract to the HSB. It is anticipated that final selection of the HSB will be made by **November 23, 2009**. The evaluation team will select a winning proposal subject to approval by the Board of Governors' **Audit Committee**. Upon selection, the State Bar and the selected Vendor will enter into good faith negotiations on a contract containing, without limitation, the Statement of Work and Contracting Requirements sections below.

No contract or agreement, express or implied, shall exist or be binding on the State Bar before the execution of a written contract by both parties. If agreement on the terms of such a contract cannot be reached after a period deemed reasonable by the State Bar in its sole discretion, the State Bar may enter into negotiations and sign a contract with any other bidder who submitted timely, responsive and responsible proposals to this RFP.

If, after the State Bar and the HSB agree to terms and execute a contract, that contract is terminated for any reason, the State Bar may, in its sole discretion, either enter into

negotiations with the next highest scored bidder, or issue a new RFP and begin the proposal process anew.

Questions regarding the State Bar's award of any business on the basis of proposals submitted in response to the RFP, or on any other matter in connection with the selection process, should be addressed in writing to Andrew Conover, Finance Manager, at andrew.conover@calbar.ca.gov.

Where written notice is required in this RFP, the notice must be sent by U.S. mail and either facsimile or e-mail.

E. Errors in the RFP

If a bidder discovers any ambiguity, conflict, discrepancy, omission, or other error in the RFP, the bidder should immediately provide the State Bar with written notice of the problem and request that the RFP be clarified or modified. Without disclosing the source of the request, the State Bar may modify the document prior to the date fixed for submission of proposals by issuing an addendum to all potential bidders to whom the RFP was sent.

If prior to the date fixed for submissions, a bidder knows of or should have known of an error in the RFP but fails to notify the State Bar of the error, the bidder shall bid at its own risk, and if, awarded the contract, shall not be entitled to additional compensation or time by reason of the error or its later correction.

F. Questions Regarding the RFP

Questions regarding the RFP may be addressed in writing to Peggy Van Horn at peggy.vanhorn@calbar.ca.gov. All questions must be submitted no later than 5 days prior to the date for submission of proposals. Questions and answers regarding the RFP may be shared with all bidders known to be interested in submitting a proposal.

If a question relates to a proprietary aspect of its proposal and the question would expose proprietary information if disclosed to competitors, the bidder may submit the question in writing, conspicuously marking it as "CONFIDENTIAL." With the question, the bidder must submit a statement explaining why the question is sensitive. If the State Bar concurs that the disclosure of the question or answer would expose proprietary information, the question will be answered, and both the question and answer will be kept in confidence. If the State Bar does not concur regarding the proprietary nature of the question, the question will not be answered in this manner and the bidder will be notified.

A bidder who believes that one or more of the RFP's requirements is onerous or unfair, or unnecessarily precludes less costly or alternative solutions, may submit a written request that the RFP be changed. The request must set forth the recommended change and reason for proposing the change. The State Bar must receive any such request no later than 5 days before the deadline for submitting proposals.

G. Addenda

The State Bar may modify the RFP prior to the date fixed for submission by posting, mailing, emailing or faxing an addendum to the bidders known to be interested in submitting a proposal. If any bidder determines that an addendum unnecessarily restricts its ability to bid, it must notify the State Bar in writing no later than 5 days before the deadline for submitting proposals.

H. Withdrawal and Resubmission/Modification of Proposals

A proposal may be withdrawn at any time prior to the deadline for submitting proposals by notifying the State Bar in writing of its withdrawal. The notice must be signed by the bidder. The bidder may thereafter submit a new or modified proposal, provided that it is received at the State Bar no later than the deadline.

Modification offered in any other manner, oral or written, will not be considered. Proposals cannot be changed after the evaluation process begins.

I. Protest Procedure

A bidder may protest the award if it meets all the following conditions:

1. The bidder has submitted a proposal that it believes is or should have been the HSB, under the criteria set forth above;
2. The bidder believes that its proposal meets the State Bar's administrative and technical requirements, proposes services of proven quality and performance, and offers a competitive cost to the State Bar; and
3. The bidder believes that the State Bar has incorrectly selected another bidder.

A bidder qualified to protest should contact Andrew Conover, Finance Manager, (415) 538-2207, to attempt an informal resolution. If this contact is unable to resolve the protest to the bidder's satisfaction, the bidder must file a written protest within 5 days of the notice of intention to award the contract. The written protest must state the facts surrounding the issue and the reasons the bidder believes the award to be invalid. The protest must be sent by certified or registered mail or delivered personally to:

The State Bar of California
180 Howard Street
San Francisco, CA 94105-1639

Attention: Peggy Van Horn, Chief Financial Officer

Protests will be reviewed and decided by the State Bar's Award Protest Team within 30 days after the State Bar issues written acknowledgment of the protest. In the event that a protest is filed, the contract award will be postponed pending resolution of the protest.

J. News Releases

News releases pertaining to the award of a contract may not be made without the prior written approval of the State Bar.

K. Disposition of Materials

All materials submitted in response to an RFP will become the property of the State Bar of California and will be returned only at the State Bar's option and at the expense of the bidder. One copy of each proposal will be retained for the State Bar's official files and become a public record. Specific limited pages of a proposal, not including proposed cost and compensation, may be marked as proprietary and confidential. The entire proposal cannot be deemed confidential. The bidder's consent will be requested before release of such confidential pages to non-State Bar personnel. By submitting a proposal, a bidder agrees to these terms and waives any right to pursue a cause of action for damages incurred as a result of the release of any information contained in a proposal.

IV. CONTRACTING REQUIREMENTS

Upon selection of a vendor, the terms set forth in this RFP are to be embodied in a definitive agreement containing such additional covenants and other provisions as may be mutually acceptable.

The State Bar contemplates that, in addition to the terms described above in this RFP, final agreement between the State Bar and the selected vendor will include, without limitation, the following terms. Submission of a proposal shall constitute agreement to contract on these terms, except for any term specifically reserved in the proposal for future negotiation.

A. Time of Essence

Time is of the essence with respect to Vendor's performance of the services and equipment to be provided in the final agreement.

B. Warranties and Representations

Vendor warrants and represents that it possesses such expertise, experience and resources to perform the scope of services required in a diligent, timely and professional manner consistent with the standards of the industry. Vendor represents and warrants that none of its work performed under this Agreement will infringe on the rights of third parties. Vendor will supply at all times an adequate number of well-qualified personnel to

perform the work. Vendor will provide a contact person available and authorized to remedy any non-conformity with this warranty. If any of Vendor's work is found to be infringing, Vendor will correct the work to be non-infringing at no charge to the State Bar.

C. Equipment, Tools, Supplies

The Vendor will supply all equipment, tools, supplies, offices, personnel, instrumentalities, transportation, support services and insurance required. The Vendor is not required to purchase, rent or hire any equipment, tools, supplies, offices, transportation, personnel, insurance or instrumentalities from the State Bar. The State Bar has no obligation whatsoever to provide any equipment, tools, supplies, offices, personnel, instrumentalities, transportation, support services or insurance required to perform services under this agreement.

D. Indemnity Obligations of Vendor

Vendor will indemnify and defend the State Bar (including its Board of Governors, officers, director, agents, employees and volunteers, as the same may be constituted from time to time) from all claims, demands, damages, debt, liability, obligations, cost, expense, lien, action or cause of action (including but not limited to actual damages, fines and attorneys' fees, whether or not litigation is actually commenced) arising out of: (i) the material breach by Vendor of any warranty, representation, term or condition made or agreed to by Vendor; (ii) all products and services prepared by or for Vendor hereunder and provided to State Bar; (iii) any claim or action for personal injury, death or otherwise involving alleged defects in Vendor's business or any of its products or services provided to State Bar; (iv) any breach by Vendor of any statutory or regulatory obligation; (v) the actual or alleged infringement by Vendor of any patent, copyright, trademark or other proprietary right of any person or entity; and/or (vi) any act or omission of Vendor, its employees, agents or subcontractors.

E. Insurance Obligations of Vendor

The Vendor will provide and keep in full force and effect during the term of this agreement, at the Vendor's own cost and expense, the following insurance policies for the joint benefit of the Vendor and the State Bar, with an insurer reasonably acceptable to the State Bar:

1. Commercial general liability insurance with a general aggregate limit (other than products/completed operations) of at least Two Million Dollars (\$2,000,000.00); at least One Million Dollars (\$1,000,000.00) personal and advertising injury limit; at least One Million Dollars (\$1,000,000.00) premises and operations limit; at least One Million Dollars (\$1,000,000.00) each occurrence limit;

2. Workers' compensation coverage as required by law, together with employer liability coverage with limits of not less than One Million Dollars (\$1,000,000.00) per occurrence.
3. Comprehensive automobile liability insurance covering owned, leased, hired and non-owned vehicles with at least One Million Dollars (\$1,000,000.00) combined single limit.
4. Professional liability insurance with a general aggregate limit of Two Million Dollars (\$2,000,000) and an occurrence limit of two Million Dollars (\$2,000,000).

The Vendor will deliver to the State Bar offices at 180 Howard Street, San Francisco, CA 94105 Attn: Andrew Conover, Finance Manager, true and correct copies of its insurance policies required above, and certificates of such insurance within seven (7) days of the execution of this agreement. Each such policy will name the State Bar as an additional insured and will state that the Vendor's policy shall be primary and that any insurance carried by the State Bar shall be noncontributing with respect thereto. Each such policy will provide for thirty (30) days prior written notice to the State Bar in the event of cancellation or reduction in coverage or amount. If the Vendor fails to secure and maintain insurance policies complying with the provisions of this agreement, the State Bar may purchase the appropriate insurance policies and the Vendor will pay upon demand the cost of it to the State Bar or the State Bar may terminate this agreement. Additionally, if the Vendor assigns any portion of the duties under this agreement, each subcontractor or assignee will purchase and maintain the same insurance coverage required hereunder.

The Vendor will immediately notify the State Bar if the Vendor's commercial general liability insurance contains restrictive endorsements other than those restrictive endorsements normally included in the State of California. If the Vendor's commercial general liability insurance contains such restrictive endorsements, the Vendor shall have five (5) business days to remove said restrictions. If the Vendor is unable to do so, the State Bar may terminate this agreement, and will be required to give the Vendor no more than two (2) days' notice of such termination, anything in this agreement to the contrary notwithstanding.

F. Termination

1. **At Will.** The agreement may be terminated by the State Bar, in its sole and complete discretion, upon thirty (30) days written notice to Vendor. In the event of termination pursuant to this section, the vendor's sole compensation will be for that portion of services performed or goods delivered up to the date of termination, together with reimbursable expenses, if any then due. Vendor will not be paid for any services, goods or reimbursable expenses associated with any work or service not specifically authorized by the State Bar.

2. **Authorization of Funds.** If the term of this agreement extends into fiscal year(s) subsequent to that in which it is signed, it is understood that the continuation of this contract is subject to the authorization of sufficient funding for such purpose by the California State Legislature. If sufficient funds are not so authorized, the parties mutually agree that the contract may be terminated or amended as appropriate in response to the reduction in funding. If the agreement is terminated, Contractor agrees to take back any affected equipment, products, software, or hardware furnished under this contract, and relieve the State Bar of any further obligation, except for the State Bar's obligation to pay for services already performed pursuant to this agreement.

3. **Default by Vendor.** This agreement may be terminated by the State Bar upon fifteen (15) days written notice to the Vendor in the event the Vendor is in default under any of its provisions. In the event this agreement is terminated due to the default by the Vendor, the Vendor will not be entitled to receive any compensation for services performed or for any reimbursable expenses incurred, and the State Bar will have the right to have the services completed by other parties and the Vendor will reimburse the State Bar for the actual costs to complete the services in excess of the balance of the fee and reimbursable expenses, if any, provided for in this agreement. Any such act by the State Bar will not be deemed a waiver of any other right or remedy of the State Bar, including, without limitation, the State Bar's right to consequential damages caused directly or indirectly by the Vendor's default.

4. **Automatic Termination.** This agreement will automatically terminate on the occurrence of any of the following events: (a) bankruptcy or insolvency of either party; (b) sale of the business of either party; (c) failure to comply with federal, state or local laws, regulations or requirements, or (d) expiration of the agreement.

G. Confidentiality and Publicity

The Vendor will retain all information provided by the State Bar in the strictest confidence and will neither use it nor disclose it to anyone other than employees requiring the information to perform services under this agreement without the prior written consent of the State Bar. The State Bar retains the right to enjoin any unauthorized disclosure in an appropriate court of law. The Vendor will not issue any public announcements concerning the State Bar without the prior written consent of the State Bar.

H. Compliance with Laws

The Vendor agrees to comply with all applicable federal, state, and local laws and regulations, including but not limited to the provisions of the Fair Employment and Housing Act (Govt. Code, § 12900 et seq.) and any applicable regulations promulgated there under (Cal. Code of Regs., tit. 2, § 72850.0 et seq.). Vendor agrees to include the non-discrimination and compliance provisions of this clause in any and all subcontracts to perform work under the agreement.

I. Assignment/Subcontracting

1. **Assignment.** The Vendor will not assign or transfer its interest, in whole or in part, under this agreement, without the written consent of the State Bar, which consent may be granted or withheld in the sole and absolute discretion of the State Bar.
2. **Subcontracting.** The Vendor may subcontract with other qualified firms or individuals as required to complete all, or a portion of, the delivery of equipment and services, with the prior written approval of the State Bar.

The Vendor will clearly describe the reason for using any subcontractors, the specific role each subcontractor will play in the project, and the relationship between the Vendor and its subcontractor to be maintained during the term of this agreement. No subcontract will be approved unless the Vendor provides a written guarantee that the Vendor's firm will be contractually obligated to assume all project responsibilities and the insurance requirements set forth above.

J. General Provisions

1. **Force Majeure.** Neither party will be deemed in default of this agreement or any provision hereunder to the extent that any delay or failure in the performance of the obligations of such party (other than the payment of money) results from any significant and material causes beyond its reasonable control and without fault or negligence by such party. Examples of such causes include, but are not limited to, (1) acts of God or public enemy, (2) acts of the government in either its sovereign or contractual capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) embargoes, (9) earthquakes, or (10) unusually severe weather.
2. **Governing Law.** The agreement will be governed by the laws of the State of California without giving effect to its principles of conflict of laws.
3. **Attorneys' Fees.** In the event either party institutes any action or proceeding against the other party relating to this agreement, the unsuccessful party in such action or proceeding will reimburse the successful party for its disbursements incurred in connection therewith and for its reasonable attorneys' fees as fixed by the court. In addition to the

foregoing award of attorneys' fees to the successful party, the successful party in any lawsuit shall be entitled to collect or enforce the judgment. This provision is separate and several and shall survive the merger of the agreement into any judgment.

4. **Audit.** Vendor agrees that the State Bar or its designee shall have the right to review and copy any records and supporting documentation pertaining to the performance of this Agreement. Vendor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Vendor agrees to allow the State Bar or its designee access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Vendor agrees to include a similar right of the State Bar or its designee to audit records and interview staff in any subcontract related to performance of this Agreement.

5. **License.** In those instances where required, the Vendor represents and warrants that the Vendor holds a license, permit or special license to perform the services pursuant to this agreement, as required by law, or employs or works under the general supervision of the holder of such license, permit or special license and shall keep and maintain all such licenses, permits or special licenses in good standing and in full force and effect at all times while the Vendor is performing the services pursuant to the agreement.

THE STATE BAR OF CALIFORNIA TRAVEL and BUSINESS-RELATED EXPENSE POLICY

Revised January 27, 2009

I. GENERAL PRINCIPLES

- A. Except as noted otherwise, this Travel and Business-Related Expense Policy applies to all volunteers and other non-employees who seek reimbursement for travel and business-related expenses incurred in conducting State Bar business.
- B. State Bar representatives who do not have a Purchasing Card (Pcard) must use their personal funds for travel expenses and request reimbursement at the conclusion of the trip in conformity with this policy.
- C. As a general rule, travelers are urged to travel economically. However, in the application of this general rule, extenuating circumstances such as the best economic use of the traveler's time may be taken into consideration in selecting transport, accommodation and other travel means.
- D. There will be no reimbursement for the expenses of a spouse or guest who accompanies a traveler on State Bar business.
- E. Travelers are responsible for their own travel expenses. No traveler will be reimbursed for travel expenses other than their own .
- F. Except where noted otherwise, only when a person is on Travel Status is s/he eligible to seek travel reimbursement or request a travel advance as stated in this policy.
- G. A person is on Travel Status when, in the course of performing duties for the State Bar, s/he travels to one or more destinations that are at least thirty miles (one-way) from the person's primary workplace.

II. TRAVEL EXPENSE REPORTING

- A. An *Expense Report* form furnished by the State Bar must be timely filed with appropriate original issued receipts to request expense reimbursement (Appendix A).
- B. Volunteers should use the [electronic form](#) whenever possible, and submit a single form for each week of travel. Handwritten *Expense Reports* must be legible.

C. Documentation Guidelines

1. To avoid any delay in the payment process, it is the responsibility of the volunteer to submit to their administrative liaison a completed legible *Expense Report* with supporting documentation for payment. Incomplete or incorrect forms or forms with insufficient information or missing documents will be returned to the approver for correction.
2. Original issued receipts for air travel, car rentals, lodging and any expense in excess of \$25 must be attached to the *Expense Report*. Receipts must contain itemized pricing and reflect appropriate travel detail (e.g., departure/arrival times, dates, service class, upgrades, additional fees, etc.) Electronically issued receipts for online purchases are considered original issued receipts.
3. Approvals: A member of the Board of Governors, Section and committee members, and other volunteers' *Expense Reports* must be reviewed and, if correct, signed by the staff liaison or Executive Staff manager assigned to the relevant volunteer activity who has approval authority.
4. Deadlines: The deadline for submitting an *Expense Report* to an approval authority is 30 calendar days after the traveler incurs the expense. *Expense Reports* submitted after 60 calendar days shall not be processed for payment unless approved for late payment by the Executive Director or designee.
5. Gifts and tokens of appreciation must be ordered through State Bar staff and will not be reimbursed via a traveler's *Expense Report*. See Section IX, Business Expenses.

III. AIR TRAVEL

- A. The State Bar is eligible for California State government [discounted rates](#) on airfare (Appendix B). In most instances these fares will represent the most economical airline fares between common city pairs, but travelers should strive to obtain the most economical airline fares available.

B. Travelers must contact the approved State of California travel agency, [Giselles Travel](#), for all travel in excess of \$400 (round-trip fare) unless prior manager approval is obtained. For round-trip flights under \$400, travelers may use their discretion to determine whether to use the State program or to book tickets directly with the airline. For round trip flights over \$400, travelers may book tickets directly with the airlines or other travel agency, but the rate booked must be as good as or better than the travel city pair [published](#) as available from Giselles Travel.

C. Compensation for air travel will be limited to the cost of a coach/economy fare. The cost of any accommodation upgrade, in any class, will be deemed a personal expense chargeable to the traveler. Individuals engaged on contract as speakers for State Bar programs or in other circumstances governed by personal service contract terms, the terms of the contract will prevail.

D. Travelers are to use the lowest airfares available without regard to the accrual of personal frequent flyer miles.

IV. AUTOMOBILE TRAVEL

A. Travelers required to use a personal automobile to conduct State Bar business will be reimbursed for mileage at the Internal Revenue Service approved rate regardless of whether Travel Status requirements are met, consistent with the following guidelines

B. Auto Mileage Reimbursement Guidelines

1. Reimbursable mileage is incurred when a traveler leaves the location of his/her primary workplace on State Bar business and returns to that same location.
2. Reimbursable mileage is incurred when a traveler does not report to his/her primary workplace during the work day because of State Bar business. Reimbursement will be for that mileage in excess of normal commute round trip mileage between home and the primary workplace.
3. Reimbursable mileage is incurred while conducting State Bar business while on the way to or from home or from the primary workplace. Reimbursement will be for that mileage in excess

of normal commute round trip mileage between home and the primary workplace.

4. Travelers who elect to drive rather than fly to conduct State Bar business will be reimbursed for the most economical form of transportation. Mileage reimbursement in excess of what comparable airfare would have cost is not reimbursable except where special accommodations are required and approved.

C. Taxi Service

1. Actual cost including customary gratuity will be reimbursed when a less expensive service is not suitable. When taxi service is required to conduct State Bar business away from the individual's primary workplace, the State Bar will reimburse the expense in conformity with the terms and guidelines of the Travel and Business-Related Expense Policy regardless of whether the Travel Status requirements are met.
2. Limousine and Towncar service is unreimbursable unless a less-expensive service is unavailable. Written explanations must accompany *Expense Reports* and be approved by a State Bar Senior Executive.

D. Car Rental

1. Reimbursement for car rentals will be made where it is a justified economic usage of the traveler's time in the particular circumstances. Written justification must be provided for any car rental in excess of \$250.
2. When a rental car is required to conduct State Bar business away from the individual's primary workplace, the State Bar will reimburse the expense in conformity with the terms and guidelines of this policy regardless of whether the Travel Status requirements are met.

E. Car Rental Guidelines

1. The State Bar does not maintain a master contract with any rental car agency. State Bar travelers are encouraged to seek corporate or government rates to take advantage of these arrangements when they are available. As a general rule, when renting a car, economy models should be requested taking advantage of the rental car company's available discounts.

2. Alternatives to rental cars should be evaluated based on cost and time. In some cases, it is less expensive and more convenient to use cab service, hotel shuttle or public transportation.

3. The State Bar carries insurance that covers travelers when renting a vehicle while on State Bar business. Thus, travelers should not elect to carry the additional collision and liability coverage offered by rental agencies when traveling on State Bar business. All additional insurance elections will be deemed a personal expense chargeable to the traveler.

4. In the event the traveler rents a vehicle to be used for combined business and personal use, the traveler will not be covered by the State Bar's insurance when the car is used for personal purposes. To assure the traveler's personal liability is addressed in such circumstances, travelers are encouraged to obtain the appropriate insurance for the period the traveler is using the car for personal purposes. All additional insurance elections will be deemed a personal expense chargeable to the traveler.

5. Individuals are responsible for any car rental charges, fuel, insurance charges and liability while on personal business. The State Bar is not responsible for any costs, injuries or damages caused as a result of a rental car used for personal purposes.

6. Whenever practical, travelers should return cars with a full tank of gas to avoid excessive refueling charges by car rental companies. Car rental companies offer a Fuel Purchase Option that allows for the purchase of a full tank of gas allowing the car to be returned with an empty tank. This option may be cost-efficient but should be used only if the car will be driven enough to exhaust a full tank of fuel.

7. Compliance with the rental car agency agreement is the responsibility of the traveler who signs the rental agreement. Please be aware of provisions in the rental agreement that prohibits any other person from driving the car.

8. In the event of an accident, follow these steps:

- Attend to any medical issues.
- Report to appropriate law enforcement agencies immediately.

- Consult the rental contract and follow its instructions.
- Promptly submit an accident report to the State Bar's Manager, Insurance Programs.

F. Transit Fees and Fines

1. Tolls and parking fees incurred by travelers using a personal automobile or rental car on State Bar business are reimbursable expenses and must be identified as such on *Expense Reports* under auto expenses. When travel is required to conduct State Bar business away from the individual's primary workplace, the State Bar will reimburse tolls and parking expenses in conformity with the terms and guidelines of this policy regardless of whether the Travel Status requirements are met.

2. Parking tickets and traffic fines incurred by travelers will not be reimbursed.

V. LODGING

A. When lodging away from home is required to conduct State Bar business and Travel Status is not invoked, the State Bar will reimburse lodging expenses at the authorized rates and in conformity with the terms and guidelines of this policy regardless of whether the Travel Status requirements are met (Appendix C).

B. Individuals engaged as speakers for State Bar sponsored programs may be reimbursed for the actual cost of a standard single accommodation hotel room consistent with authorized rates.

C. Lodging Guidelines

1. Reimbursement for lodging expenses will be made for the actual expense of single accommodations, up to the maximum authorized rates or pre-negotiated meeting accommodations by State Bar staff.

2. Lodging expenses in excess of the current authorized lodging rates shall not be reimbursed unless a prior contracted group rate arrangement has been made with the hotel by the State Bar or unless expressly authorized in advance by the Executive Director or designee. This must be confirmed in writing by attaching a form that provides all of the appropriate information,

including name of meeting event, dates of stay, name and address of hotel, hotel rate per night.

3. If the *Expense Report* is submitted without the necessary approval form and the lodging rate is in excess of the authorized rate, the *Expense Report* will be returned to the approver. Reimbursement will be made for only the authorized maximum hotel rate for that city.

4. The State Bar covers the cost of the hotel room and business related telephone calls, parking, internet charges and business center expenses. Travelers are responsible for covering their personal incidental expenses including personal telephone calls, room service and other in-room self-service items. See Section VII, Communications & Incidentals.

5. Any charges resulting from failure to cancel lodging reservations are not the responsibility of the State Bar unless the reason for failure to cancel in time is business-related or due to an unavoidable personal emergency and a statement of same is included on the *Expense Report*.

6. Reasonable tips in connection with the handling of bags, valet service, and accommodation maid service are reimbursable expenses.

VI. MEALS

A. Travel Status Meal Guidelines

1. Individuals on Travel Status will be entitled to their own meal expenses up to the maximum amount allowed under the authorized [per diem meal rates](#) (Appendix C). Payment will be made only for the traveler's own expenses. Each traveler is responsible for his/her own travel and meal expenses.

2. If the cost of a meal exceeds the approved per diem rates, only the amount of the per diem rate will be paid by the State Bar.

3. Eligibility for meal per diems is based on the time(s) during which an individual is on Travel Status. The following guidelines apply:

Breakfast: Travel status before 7:00 a.m.

Lunch: Travel status at 12:30 p.m.

Dinner: Travel status after 7:00 p.m.

4. The meal per diem may not be claimed when a meal is otherwise provided at State Bar expense (e.g., a State Bar catered lunch).

5. Tips for restaurant service are considered to be part of the per diem rate and are not reimbursable beyond the per diem rate.

B. Non Travel Status Meal Guidelines

1. The cost of business-related meal expenses may be compensated when an individual is not on Travel Status if the meal was work related and in conditions beyond the individual's control. Examples include:

An individual is not on Travel Status but is required by the State Bar to staff or attend an off-site meeting or function where a meal is required under circumstances beyond the individual's control. This includes staffing the bar examination.

An individual is not on Travel Status but is required by the State Bar to attend off-site training where a meal is required under circumstances beyond the individual's control.

An individual is not on Travel Status but is required by the State Bar to stay overnight away from home during authorized meal times.

2. A travel *Expense Report* should be used to report these expenses. The report must include the purpose of each business-related meal and the conditions that justify payment.

3. The above standards governing travel status meals (VI.A.1. through 5., rates, tips, etc.) apply to non-travel status meal reimbursement, except for the requirement of being on travel status.

4. Meal reimbursement is not allowed where State Bar representatives are not on Travel Status and have a meal together incidental to a State Bar function they are attending or staffing.

C. Catered Meals Guidelines

1. Refreshments and/or meals may be catered at State Bar expense at State Bar meetings and events provided that the attendees are not exclusively State Bar employees and the subject matter of the event is not routine internal State Bar business or

staff meetings. Individuals (including members of the Board of Governors, committee members, and State Bar employees) attending such activities as part of their duties are entitled to partake of the catered meal, regardless of whether they are on Travel Status. Meal per diem rates do not apply when a catered meal is provided.

2. Catering is defined as a contracted for food and beverage service. Catering can either be served on State Bar, hotel or convention site premises, or pre-booked contract meeting accommodations at a commercial restaurant (e.g. catering for Board of Governors meetings in LA, SF or offsite). Individual meals ordered off a restaurant menu, absent a food and beverage contract with the provider, does not meet this definition of catering, whether for an entire committee or a subset of same.

3. In certain circumstances, a State Bar meeting or function may occur in which the cost of a meal or refreshments is included in the registration fee or is to be reimbursed by attendees individually, in which case traveler may not claim individual per diem reimbursement.

D. Alcoholic Beverages

Alcoholic beverages or corkage fees are not generally reimbursable travel/business expenditures. See Section IX, Business Expenses.

VII. COMMUNICATIONS & INCIDENTALS

A. Reimbursement is provided for reasonable expenses incurred in making business-related telephone calls and limited calls to the individual's home resulting from the requirements of business. As long as the calls are required by State Bar business, the State Bar will reimburse these expenses in conformity with the terms and guidelines of the Travel and Business-Related Expense Policy regardless of whether the Travel Status requirements are met.

B. Expenses incurred incidental to State Bar business such as copying costs, remote internet connection fees, facsimile costs and other expenses required to conduct State Bar business, will be reimbursed in conformity with the terms and guidelines of the Travel and Business-

Related Expense Policy regardless of whether the Travel Status requirements are met.

VIII. EXPENSE ADVANCES

A. Travelers may, under exceptional circumstances, request temporary travel advances. In order to be processed, such requests must be approved according to the same procedure as for *Expense Reports* and submitted to the Finance Department at least three full workdays before the funds are needed.

B. The amount of the advance will be based on the nature and requirements of the trip, but shall not exceed \$250 per day.

C. All advances must be repaid or offset by *Expense Reports* within the 30-day deadline for submission of reports as noted above.

D. Additional advances will not be made when a prior advance is outstanding.

IX. BUSINESS EXPENSES

Senior State Bar staff may budget for a "Business Expense" account. The Business Expense account is to be used only by Senior Staff in the discretion of the Senior Staff to cover business expenses incurred in the legitimate furtherance of State Bar business. Expenses charged to this account by Senior Managers are exempt from this State Bar Travel and Business-Related Expense policy.

EXPENSE REPORT

2009

[Travel Policy: employees](#) [volunteers](#)

NAME	Jonathon Doe	PHONE	415-234-5678	Enter amount paid in cash, "C" for direct bill, or "PC" for PCard billing. See tabs below for detailed instructions and account lookup.
ADDRESS	1968 Bermuda Way, San Francisco CA 94115			

Travel Expense

TRIP 1 PURPOSE	Insurance Broker Interviews			LOCATION FROM / TO	SF / LA							
TRIP 2 PURPOSE				LOCATION FROM / TO								
	month/date	MON	TUE	WED	1/7	THU	1/8	FRI	1/9	SAT	SUN	TOTALS
LODGING				PC		PC						\$ -
TAXI-LOCAL TRANSPORT				15.00			16.00					
TOLLS/PARKING FEES												
AIR TRAVEL				PC		PC						
AUTO (PERSONAL) miles/\$		-	-	14.0	7.70	-	14.0	7.70	-	-		
AUTO (RENTAL)												
TOTAL TRANSPORTATION		-	-	22.70		-	23.70		-	-		\$ 46.40
BREAKFAST (travel before 7:00am)						6.00	6.00					
LUNCH (travel at 12:30pm)						8.00	8.00					
DINNER (travel after 7:00pm)				18.00		18.00						
TOTAL MEALS		-	-	18.00		32.00	14.00		-	-		\$ 64.00
TOTAL TRAVEL EXPENSE											\$ 110.40	

Miscellaneous Expense

DATE	DESCRIPTION & PURPOSE	AMOUNT
1/8/09	Photocopy charges from hotel business center	\$ 5.00
TOTAL MISCELLANEOUS EXPENSE		\$ 5.00

Accounting Distribution			Totals	
BUSINESS UNIT	ACCOUNT	AMOUNT	TOTAL EXPENSE	\$ 115.40
23105	40510	\$ 110.40	LESS CASH ADVANCE	
23105	41030	\$ 5.00	BALANCE DUE REQUESTOR	\$ 115.40
			BALANCE DUE STATE BAR (check attached)	\$ -
			Signatures Date	
			Requestor	<i>John Hancock</i>
			Authorization	<i>John Hancock</i>
DISTRIBUTION REMAINING (must = 0)			\$ -	
Additional Authorization if Required				

Submit to Finance with original issued reimbursement receipts only. Hold all "PC" receipts for Purchasing Card statement. Make a copy for your records.

APPENDIX B

Airline Travel

Each year contracted airfare rates will be posted on the California Department of General Services (DGS) website after passage of the annual California state budget.

The current contracts are effective July 1, 2008 through June 30, 2009. These discount airfares are set for use by employees of state departments, universities, and local government for travel on official government business. The [contracted rate](#) includes airfare for origination and destination points known as city pairs for intra-California, out-of-state, and international destinations and are listed at www.travel.dgs.ca.gov. Contracted airfares should be used unless a lower airfare can be obtained that is in the best interest of the State Bar.

The contracted carriers--United Airlines, Virgin America and Jet Blue offer both YCAL and VCAL rates. The VCAL rates are considerably lower but are capacity controlled so the key to securing this rate is early booking. Southwest Airlines rates are still available through the SWABIZ program and are often lower. To secure a contracted rate, travel arrangements must be made through the State Bar's contracted travel agency, Giselle Travel by calling (800) 523-0100 (\$15 booking fee), or using their website at www.globaltrav.com (\$10 booking fee). All flights, regardless of carrier, are fully-refundable unrestricted airfares that offer last seat availability for travel in either direction of the city pair.

Please note, JetBlue, United and Virgin America may assess a baggage fee which could require payment by the traveler at the ticket counter. Southwest Airlines does not charge baggage fees for the first two checked pieces.

Travelers must have a [Profile Request](#) form on file with Giselle Travel before booking. You may submit your forms directly to your State Bar staff liaison.

APPENDIX C

**THE STATE BAR OF CALIFORNIA
AUTHORIZED TRAVEL EXPENSE RATES**
Effective January 1, 2009

Lodging:

(excluding all taxes)

San Francisco.....	\$205.00
Los Angeles	\$130.00
San Diego	\$150.00
Sacramento	\$150.00
All other areas.....	\$150.00

Meals:

Breakfast.....	\$ 6.00
Lunch.....	\$10.00
Dinner.....	\$18.00

Mileage:

Effective January 1, 2009, the mileage reimbursement rate is 55¢ per mile driven. The mileage reimbursement rate will be adjusted to mirror the reimbursement rate established by the U.S. Internal Revenue Service for business-related reimbursement. These rates are imbedded in the formulas of the online [Expense Report](#) and will be adjusted on the effective date of any rate change. If you have previously downloaded or distributed copies of this automated form, you may need to replace it with a fresh copy to properly calculate your per diem reimbursement amounts for the 2009 calendar year.

APPENDIX D

Hotel Reservations

The State of California has negotiated discounted hotel room rates at a number of hotels in California. Though travelers are not required to use these hotels, they must still abide by the established hotel per diem for the city they are visiting. Exceptions to these per diems must be approved in advance of travel by your staff manager liaison.

In San Francisco, the established per diem is \$205. [Le Meridien Hotel](#) in San Francisco offers a discount rate of \$205 per night to employees and volunteers traveling on State Bar business. Travelers to San Francisco should take advantage of these rates when available. In order to receive the state rate and be exempt from hotel tax, individual State Bar travelers must contact Margarita Manalo, Travel and Information Services Coordinator for San Francisco (415) 538-2562, who will handle the reservations, prepare the tax exempt form and handle billing.

The State Bar of California has negotiated favourable rates at the [Omni Hotel](#) and the [Marriott Hotel](#) in Los Angeles for State Bar travelers. This rate is \$130 per night. To make reservations, travelers should contact Alice Daniels, Travel and Information Services Coordinator for Los Angeles (213) 765-1116. Travelers can pay for their room when they check out using their own personal credit card.

State Bar travelers visiting other cities in California or out of state may be able to take advantage of other discount rates for hotel accommodations. The State of California travel program has contracted rates with hundreds of hotels throughout the country. A list of available hotels can be found on their website at <http://www.travel.dgs.ca.gov> under [Lodging Guide](#). If you are interested in making a reservation at one of these hotels please contact Margarita Manalo (SF) or Alice Daniels (LA) for assistance. If you have any questions about the travel program and the established guidelines, please call either Liz Avila (415) 538-2329 or Tony Gonzalez (213) 765-1113.



Giselle's Travel

1300 Ethan Way, #100, Sacramento, CA 95825

www.globaltrav.com

800 523-0100

Fax 916 679-3090

State Bar of California

Profile Request Form

Traveler Information

Traveler's Name: _____

Traveler's Title: _____ Location: SF / SAC / LA (circle one)

Department: _____ Cost Center: _____

Phone No: _____ Fax No. _____

Email Address: _____

Airline Information

Airline: _____ Frequent Flyer Number: _____

Seat Preference: _____ Window / Aisle _____ Specific Seat: _____

Meal Preference: _____

Special Needs/Requests/Comments: _____

SF/SAC STAFF:

When this profile has been completed, please fax to Margarita Manalo, Information and Travel Coordinator at 415-538-2005. Her phone: 415-538-2562.

LA STAFF: When this profile has been completed, please fax to Alice Daniels, Information and Travel Coordinator at 213-765-1594. Her phone: 213-765-1116.

NOTE: A profile is required to book travel with Giselle Travel Service. No profile, no travel.