

**California State Controller's Office**  
**Proposed Regulatory Action: Regulations Governing the Activities of Third-Party**  
**Auditors Who Are Hired by the Controller**  
**Modified Regulation Text**

Title 2. Administration  
Division 2 - Financial Operations  
Chapter 2 - State Controller  
Subchapter 8 - Unclaimed Property Law

The California Controller is proposing to add the following regulations to Article 6 of the above-referenced portion of the California Code of Regulations. Newly proposed changes in this Modified Regulation Text are indicated in underline for additions and strikethrough for deletions.

Article 6: Regulations Governing the Activities of Third-Party Auditors Who Are Hired by the Controller

§ ~~1200~~ 1180.11. Statement of Purpose

This article governs the activities of third-party auditors conducting examinations under California's Unclaimed Property ~~Program~~ Law California Code of Civil Procedure 1500 et seq at the State Controller's Office, Division of Audits. ~~This article is intended to:~~

- ~~1. Ensure that the examinations by a third-party auditor are conducted objectively and impartially.~~
- ~~2. Ensure that the examinations are completed promptly and without undue burden to the holders.~~
- ~~3. Ensure that strict confidentiality is maintained for records obtained from the state and the holders.~~

Authority: Code of Civil Procedure Section 1571~~(a)~~, ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1201~~ 1180.12. Authority to Conduct Unclaimed Property Examinations

The Controller is authorized to examine the records of any person if the Controller has reason to believe that the person is a holder who has failed to report property that should have been reported pursuant to Code of Civil Procedure Section 1500 *et seq.* Reasons to believe that a person has failed to report property include, but are not limited to: a) Inconsistencies, omissions, or lack of detail in a holder's past reports; b) Inconsistencies or differences between a holder's past reports and similarly sized holders or holders in a similar line of business; c) A holders' history of reporting or history of compliance or noncompliance; or d) Available public data regarding the holder, including without limitation, annual company reports, and press materials.

Authority: Code of Civil Procedure Section 1571~~(a)~~, ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1202~~ 1180.13. Adherence to Contract

A third-party auditor shall comply with all terms and conditions specified in any contract between a third-party auditor and the State Controller's Office.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1203~~ 1180.14. Terms of Compensation

A contract with a third-party auditor ~~may~~ shall specify that the auditor is to be compensated on a time and materials basis, as a percentage of the amount recovered by the third-party auditor, or in any combination thereof. However, any compensation to a third-party auditor shall not be withheld from any recovery obtained by reason of an audit.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1204~~ 1180.15. Principles of Examination Conducted by Third-Party Auditors

A third-party auditor conducting examinations under California's Unclaimed Property ~~Program~~ Law California Code of Civil Procedure 1500 et seq at that are hired by the State Controller's Office, Division of Audits, shall adhere to the general principles of examination set forth in §§ 1205 through 1214.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1205~~ 1180.16. Independence

In all matters relating to the examination, an independence in mental attitude is to be maintained by the auditor or auditors.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1206~~ 1180.17. Training and Expertise

A third-party auditor shall possess sufficient training and experience to adequately perform the unclaimed property examination.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1207~~ 1180.18. Conflict of Interest

A third-party auditor shall not participate in examinations in which such participation could be construed as a conflict of interest. An example of a conflict of interest would be a third-party auditor entering into an agreement that contains a provision that is adverse to the interest of the State of California, or having an existing obligation to a holder that is adverse to the interest of the State of California.

From time to time, a third-party auditor may solicit a holder for preparation of a voluntary report of the holder's unclaimed property. Such an engagement may be one wherein a third-party auditor provides expertise, guidance, and counseling to the holder with respect to submission of unclaimed property. This is a clear example of a conflict of interest. However, such a solicitation does not constitute a conflict of interest ~~providing provided~~ a third-party auditor was representing the State's interest in the preparation of the voluntary report, and:

- a. Did not receive any fees, payments, or payments-in-kind from the holder for its services, and
- b. Did not obtain any holder information that cannot be disclosed to the State of California because it is deemed confidential.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1208~~ 1180.19. Confidentiality

A third-party auditor shall maintain strict confidentiality of any records or documents gathered during the examination. The required strict confidentiality shall be maintained in as follows:

- a. A third-party auditor shall sign a confidentiality agreement, ~~akin to the agreement contained in section 1237 herein, that complies with sections 1180.47 or 1180.46 of this set of regulations~~ to preserve the integrity of state security and confidentiality. The third-party auditor shall sign a confidentiality agreement to preserve the holder's interest and the reasonable expectation of privacy of the owner's interest, and shall maintain a file of each confidentiality agreement and provide such statements to the State upon request. Such files must be maintained throughout the duration of the audit and shall not be destroyed until the audit has been completed.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1209~~ 1180.20. Communications with Holder

A third-party auditor shall fully explain to the holder:

- a. The purpose, scope, and objectives of the examination.
- b. The general approach of the examination and the procedures to be applied.
- c. Circumstances in which estimation techniques may be used, along with a description of the methodology that may be employed.
- d. The holder's right to appeal the results of the examination.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1210~~ 1180.21. Prior Written Authorization Required

A third-party auditor shall not engage in any examinations on behalf of California without written authorization from the State Controller's Office. A third-party auditor shall provide the holder with a copy of the State Controller's Office letter authorizing the third-party auditor to perform the examination on the Controller's behalf.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1211~~ 1180.22. Subcontracting and Affiliated Companies

A third-party auditor shall not subcontract any work without prior written authorization from the State Controller's Office. A third-party auditor is responsible for ensuring that any affiliated companies and any sub-contractors that are used during the examinations possess sufficient training and experience to adequately perform the unclaimed property examination and fully comply with these and all other policies and procedures governing its conduct.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1212~~ 1180.23. Preparation of Working Papers

A third-party auditor shall properly document its examination, and make the working papers supporting their conclusions available on demand for review by the State Controller's Office, the California State Auditor, and the Attorney General's Office. Such working papers will include planning information and all related calculations, statistical analyses, and summarizations.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1213~~ 1180.24. Availability of Working Papers

~~Upon~~ If requested, a third-party auditor shall promptly provide the holder with relevant copies of working papers of completed audits supporting any calculation made of unclaimed property escheatable to the State of California, and notify the State Controller's Office, Division of Audits, of the request within 120 days.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1214~~ 1180.25. Retention of Working Papers

A third-party auditor shall maintain working papers for a minimum of five years following the completion of the assignment, the escheatment of abandoned property, the resolution of any administrative appeal, or finality of judgment in any litigation, whichever is later.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1215~~ 1180.26. Opening Conference

The opening conference provides the initial forum for a third-party auditor and the holder to

discuss the examination objectives, scope, methodologies, document requests, use of testing and estimation if necessary, the examination closure process, and the informal appeals process. A third-party auditor may exercise its discretion to determine when and how to utilize certain examination processes, including the determination of the sequencing of examination phases, site visits, and response time frames. A third-party auditor may modify such examination processes based upon the circumstances of examination.

Prior to the opening conference, a third-party auditor shall provide the holder with an approved form of the confidentiality agreement, (an approved sample of such an agreement is included in these regulations see Section ~~1237~~ 1180.47), a copy of ~~these the R~~regulations in article 6 in subchapter 8 in chapter 2 in division 2 in title 2, ~~a copy of the State Controller's Regulations For Appealing an Examination of Unclaimed Property Regulations article 6 in subchapter 8 in chapter 2 in division 2 in title 2 section 1180.49 et cet.~~, and the Unclaimed Property Appeal Hearing Request form Incorporated into Regulations article 6 in subchapter 8 in chapter 2 in division 2 in title 2 section 1180.51., and a copy of ~~the Unclaimed Property Law and Regulations Regulations article 6 in subchapter 8 in chapter 2 in division 2 in title 2 section 1180.11 et cet.~~ The State Controller's Regulations for Appealing an Examination of Unclaimed Property, and the Unclaimed Property Appeal Hearing Request form, and the Unclaimed Property Law and Regulations are incorporated herein by reference.

Authority: Code of Civil Procedure Section 1571 ~~(a)~~, ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1216~~ 1180.27. Topics Covered in Opening

Conference During the opening conference, a third-party auditor shall:

- a. Identify the time period to be covered by the examination and describe the general examination methods to be employed, including sampling and estimation.
- b. Identify, in writing, the State Controller's Office examination liaison to whom the third-party auditor is accountable, including his or her full name, title, address, email address, telephone and facsimile number, and advise the holder that it is free to discuss the examination directly with the liaison at any time regarding allegations of misconduct, unethical behavior, or potential disagreements relating to legal authority.
- c. Identify, in writing, each and every third-party auditor, third-party auditor representative, employee, and agent who will take part in the examination.
- d. Explain the holder's appeal rights ~~and the appeal~~ procedures and the third-party auditor's responsibility during the appeal process.
- e. Fully disclose to the holder its fee arrangement with the State Controller's Office.
- f. Explain and describe the Phases of the examination, which typically include the below-listed phases.
- g. Explain and describe the types of information and data that the third-party auditor

may be requesting and that the auditor may request that the data and information be produced electronically.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1217~~ 1180.28. Phase I of Examination: Basic Corporate Information Gathering

The objective of Phase I of an unclaimed property examination is to determine the particular entities, business units, and third-party accounts to be examined. This phase commences with a telephone conference call or virtual meeting (the opening conference) between a third-party auditor and the holder, at which time a third-party auditor requests basic corporate and unclaimed property data and information. A third-party auditor may request that the data and information be produced electronically. The holder shall respond to the data and information requests within 30 days or an agreed-upon time period.

A third-party auditor shall inform the holder that if the holder has fully reliable records for the examination period, there is no need for estimation techniques. The holder ~~should~~ will also be informed through receipt of a copy of these regulations, that if it (i) wants to question the accuracy of its own records or (ii) does not have records for the entire period, then a sampling and extrapolation may be performed after approval from the SCO. The SCO will w ay the information available and allow or disallow sampling and extrapolation based on what method is most effective to adequately capture unreported unclaimed property. A third-party auditor shall advise the holder of the parameters of the sampling technique and try to reach agreement with the holder as to the integrity thereof. Failure to reach such agreement, however, ~~should~~ shall not halt the examination. A third-party auditor shall inform the holder that if sampling techniques are used, the liability determined by the third-party auditor will represent a fair estimation only.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1218~~ 1180.29. Phase II of Examination: Devising the Examination Program

The objective of Phase II of an unclaimed property examination is a) to identify accounts which may contain abandoned properties within the examination period. b) to understand policies and procedures related to accounting for and reporting abandoned property, and c) to determine the amount of outstanding liability related to the stale-dated and dormant amounts contained in the holder's presently maintained internal accounting system. Phase II commences with a written data and information request from a third-party auditors to the holder. A third-party auditor may request that the data and information be produced electronically. The holder shall respond to the third-party auditor's requests within 60 days or an otherwise agreed-upon time period.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1219~~ 1180.30. Phase III of Examination: Examination of Accounts

The objective of Phase III of an unclaimed property examination is to analyze a holder's accounts and identify abandoned property. This phase commences with a written data and

information request from the third-party auditors to the holder, and may include a mutually agreed-upon date for a site or virtual visit. A third-party auditor may request that the data and information be produced electronically. If requested, the site or virtual visit shall take place within 30 days after the data and information requested is received. During the site or virtual visit, a third-party auditor analyzes the holder's books and records, and if necessary, selects items for testing. The holder shall produce documentation supporting its accounting for the items selected within 60 days or an otherwise agreed-upon time period. A third-party auditor then may make a second site or virtual visit to the holder at an agreed-upon date to review and analyze the documents produced.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1220~~ 1180.31. Phase IV of Examination: Detailed Testing Covering Entire Examination Period

The objective of Phase IV of an unclaimed property examination is to conduct testing, as necessary, to determine the overall escheatable property due and owing for the entire period under examination. As discussed in Phase I, sampling and extrapolation may be performed after approval from the State Controller's Office. If, due to record retention policy constraints, less than the entire examination period will be examined, determine the base period to be utilized; calculate total escheatable property generated during the base period (i.e., amounts escheated, plus amounts suspended, plus amounts written off); extrapolate total escheatable property results from base period to entire period; then credit amounts actually escheated.

This phase commences with discussions between a third-party auditor and the holder regarding the design of the Phase IV examination program. ~~The design of the examination program is expected to take 30 to 45 days.~~ If a third-party auditor determine that a site visit or virtual visit is needed, the third-party auditor and the holder shall decide upon a mutually agreed-upon date for one or more site or virtual visits to perform testing procedures and select samples for testing. Alternatively, a third-party auditor may request that samples be produced electronically for testing. The holder shall produce documentation supporting its accounting for the items selected within 60 days or an otherwise agreed-upon time period. If the holder believes it has been responsive to a third-party auditor's requests, but the third-party auditor disagrees, the holder has an additional 30 days, or an otherwise agreed-upon time period, to provide additional documentation to the third-party auditor to support its position.

Because many holders have multiple divisions, subsidiaries, and affiliates, and generate various types of property that require examination, separate analyses and reports will be prepared, so that the SCO may receive property as amounts due are determined, and not wait for all areas to be completed.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1221~~ 1180.32. Phase V of Examination

The objective of Phase V of the Examination is to reach agreement with the holder on the amount of escheatable property due and owing. Phase V commences with the provision of a draft report to the holder. The holder shall have 20 days to respond to the draft: and hold

~~Discussions are held~~ with the holder to finalize the ~~findings, which are expected to occur within 15 days of the holder's initial response~~. Promptly thereafter, the final report is issued. A third-party auditor will prepare and submit to SCO unclaimed property Holder Notice Reports in accordance with the requirements of CCP section 1530 and unclaimed property Holder Remit Reports with property remittance in accordance with the requirements of CCP section 1532. A third-party auditor will instruct holders and/or their agents to relinquish to the third-party auditor, or the third-party auditor's custodian, property deemed owing in accordance with CCP section 1532.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1222~~ 1180.33. Extension of Examination Period

The examination period may be extended to include any year subsequent to the years initially included if the examination is completed after additional report years have elapsed.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1223~~ 1180.34. Final Decision-Making Authority

Although an examination may be conducted by a third-party auditor, the State Controller's Office at all times maintains final decision-making authority over the conduct and conclusions of the examination.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1224~~ 1180.35. Explanation of Appeals Process

A third-party auditor shall explain to the holder the state appeal process and procedures. Further, a third-party auditor shall obtain from the holder written confirmation acknowledging understanding of the state appeal process and procedures.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1225~~ 1180.36. Working Paper Requirements

A third-party auditor is required to prepare working papers that provide documentary evidence of the work performed in the examination. The working papers are a record that shall be understandable to other auditors many years later, whether or not the auditor preparing the working papers is available. Each work paper shall "stand alone" and include adequate cross-references. The format for individual working papers shall ~~contain the following information identified in~~ comply with Sections ~~1226-1230~~ 1180.37-1180.41 herein.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1226~~ 1180.37. Signing, Dating, and Paginating



Each lead working paper must be initialed and dated by the preparer and the reviewer, and all pages numbered.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1227~~ 1180.38. Source, Purpose, Scope, Procedures, Findings and Conclusions.

The source, purpose, scope, procedures, findings, and conclusions of an audit typically appear on every working paper and must appear when such information is available to the auditor and necessary to understand the findings of an audit. Occasionally, only the source and purpose are required, particularly when documents are obtained for background information.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~—  
Reference: Code of Civil Procedure Section 1571

§ ~~1228~~ 1180.39. Indexing.

The essential elements of an indexing system are (i) standard prepared index; and (ii) sequential numbering of all pages after the assignment is completed.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1229~~ 1180.40. Cross-Referencing.

The cross-referencing page numbers shall be written in red.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1230~~ 1180.41. Legends and Tick Marks.

A legend shall be included on each working paper that adequately explains audit procedures performed and represented by a particular tick mark. If several pages of information are to be tested, the tick mark legend shall be on or referenced on the first page of the working paper.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1231~~ 1180.42. Sampling Requirements

The two possible approaches to sampling are non-statistical sampling and statistical sampling. Regardless of the sampling approach selected, an auditor must properly plan, perform, and evaluate the results of the sample in accordance with applicable professional standards.

Authority: Code of Civil Procedure Section 1571(a), ~~Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1232~~ 1180.43. Cooperation Among the States

During the opening conference, the third-party auditor shall notify the holder of any additional or  
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unique state requirements. To the extent a holder has an issue with the third-party auditor or the examination, a third-party auditor is to confer with the first state that authorized the examination to assist in resolving the issue. To the extent possible, the examination ~~should~~ shall proceed while disputes are being resolved.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1233~~ 1180.44. Closure

(a) After the holder and the third-party auditor have agreed to the amount deliverable, a third-party auditor ~~will~~ shall provide the holder and the SCO with an examination report summarizing the procedures performed and the conclusions reached, including the amount deliverable within 120 days of request by the holder following conclusion of the audit. The content and format of the report shall be in ~~the manner prescribed by the State and in~~ accordance with Section ~~1234(b)-1180.44(b)~~ herein. A third-party auditor's work papers will be subject to SCO review. The holder will be notified of any interest or penalties assessed on delinquent property.

(b) The examination report will specify: (1) the work performed; (2) the property types reviewed; (3) the methodology of any sampling technique used in conducting the examination; (4) each calculation showing the value of property determined to be due; and (5) the findings of the third party auditor conducting the examination.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

~~§ 1234 1180.45. — Third Party Auditor's Compliance with Regulations~~

~~The failure of a third party auditor to comply with a regulation shall neither invalidate nor impair an audit or otherwise give rise to rights or claims by an auditee, if at the conclusion of the audit the Controller determines that the conduct of the audit was fundamentally fair and that the conclusion reached by the third party auditor was reasonable.~~

Authority: Code of Civil Procedure Section 1571  
Reference: Code of Civil Procedure Section 1571

§ ~~1235~~ 1180.46. Correspondence

The examination report and any relevant correspondence shall be sent to the

Unclaimed Property Program at the State Controller's Office  
Attn: Division of Audits,  
Post Office Box 942850,  
Sacramento, California 94250-5874

Inquiries should be directed to the Division of Audits' Unclaimed Property Program at (916) 324-8907.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ ~~1236~~ 1180.47. Sample Confidentiality Agreement

The following template or an agreement complying with Section 1180.48 of these regulations constitutes a sample approved confidentiality agreement that ~~should~~ shall be executed by a third-party auditor and the holder .

### Confidentiality Agreement

[Date]

[Holder]

Dear

The third-party auditor, as agent for the States set forth on Annex A (the “States”; such term also including any additional States that may during the course of the Contractor’s examination also authorize the Contractor to act as its agent), has requested certain information from [Name of Holder] (the “Holder”) in connection with its abandoned property examination of the Holder’s books and records.

The Contractor shall treat as confidential and protect from disclosure to third parties, other than its own employees, agents, and representatives, and the States, all information that the Holder may furnish verbally and in writing to the Contractor or its agents, representatives, or employees in connection with its abandoned property examination; provided however, that this letter agreement shall not prohibit the Contractor from disclosing such information to (a) any person specifically approved by the Holder or (b) pursuant to or as required by law. The Contractor further agrees that it will not use any such information for any purpose other than the performance of such examination.

The information referred to in the preceding paragraph shall not include any information (i) previously known to the Contractor prior to the receipt of such information, (ii) subsequently acquired by the Contractor from a third party having an independent right to disclose such information, or (iii) that is now or later becomes publicly known through no fault of the Contractor.

Any failure or delay by the Holder in enforcing any provision of this letter agreement will not operate as a waiver of that provision, and the Holder will be entitled to injunctive relief, as well as all other remedies available at law or equity, if the Contractor breaches this letter agreement.

This letter agreement constitutes the entire agreement between us and may only be modified in writing. This letter agreement and all controversies arising from it shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its conflicts of law principles.

Sincerely,

[Contractor, Employee, Agent, and Contractor Representative]

**AGREED TO:**

(i) [HOLDER]

By: \_\_\_\_\_  
Name:

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571

§ 1180.48. Sample Confidentiality Agreement

a third-party auditor and an auditee may agree to use a confidentiality agreement other than the sample provided in Section 1180.47. Any such confidentiality agreement must, at a minimum, provide the same level of confidentiality and protection as is provided in the agreement provided in Section 1180.47.

Authority: Code of Civil Procedure Section 1571 ~~(a), Code of Civil Procedure Section 1571(e)~~  
Reference: Code of Civil Procedure Section 1571