



**ESCAMBIA COUNTY ADMINISTRATION
TRANSMITTAL MESSAGE**

Date: 07-18-2019

TO: Susan Kerr
BCC: 06-06-2019
CAR II-28 Agreement for Financial Auditing Services Between Escambia
County, Florida, and Warren Averett, LLC

Please Initial and Date
Below on Line Provided

Sj 07-18-19

Sam Jernigan, Program Coordinator, County Administration

Attached for your further handling is the Clerk's Original of
the document noted above. Please provide a copy to
Management and Budget Services.

Thank you.

Department Representative – (Comments as Applicable)

Return This Cover Page & Documents (as applicable) to Sam Jernigan

6/6/2019 CARTI-28

AGREEMENT FOR FINANCIAL AUDITING SERVICES (PD 18-19.004)

THIS AGREEMENT is made by and between Escambia County, Florida, a political subdivision of the State of Florida (hereinafter referred to as "County"), whose mailing address is 221 Palafox Place, Pensacola, Florida 32502, and Warren Averett, LLC (hereinafter referred to as "Auditor"), a limited liability company authorized to conduct business in the State of Florida, FEI/EIN 45-4084437, whose principal address is 2500 Acton Road, Birmingham, AL 35243, and whose local business address is 316 South Baylen Street, Suite 300, Pensacola, FL 32502.

WITNESSETH:

WHEREAS, the County issued a Request for Proposal for Financial Auditing Services (PD18-19.004); and

WHEREAS, in response to the solicitation, the Auditor submitted a proposal; and

WHEREAS, the County determined that the Auditor was the most responsive and responsible firm whose proposal met the requirements and criteria set forth in the solicitation; and

WHEREAS, the County desires to enter into an agreement with the Auditor for the provision of annual financial auditing services as specified herein; and

WHEREAS, the parties hereto also desire that this Agreement shall be construed to authorize the County to request and the Auditor to provide expert witness services in connection with court proceedings arising out of projects in which the Auditor provided audit services.

NOW THEREFORE, in consideration of the promises contained herein, the parties hereto agree as follows:

1. The recitals contained in the preamble of this Agreement are declared to be true and correct and are hereby incorporated into this Agreement.
2. The Board of County Commissioners has complied with the auditor selection procedures provided in §218.391, Florida Statutes, and has selected the Auditor to perform the services hereunder.
3. Term. This Agreement shall commence upon the date last executed by the parties and continue for an initial term of five (5) years, subject to termination as provided herein. Upon mutual agreement of the parties, the Agreement may be renewed for up to five (5) additional one-year terms.
4. Scope of Services. The Auditor shall perform financial auditing services, including, but not limited to, the scope of services provided in Escambia County's *Request for Proposals for Financial Auditing Services, Specification No. P.D. 18-19.004*, attached hereto as **Exhibit A**. In the event of a conflict between the terms of the Exhibits referenced herein and this Agreement, the terms of this Agreement shall prevail.

The County may authorize additional services to be performed pursuant to this Agreement through the issuance of a Work Order setting forth a specific Scope of Services, the amount of compensation, deliverables, and date of completion. Authorization for additional services shall

Date: 7/18/19 Verified By: [Signature]

be subject to the approval of the Board of County Commissioners in accordance with the County's Purchasing Policies and Procedures.

5. Compensation. The County agrees to pay Auditor a total fee for annual audit services in accordance with the Schedule of Fees and Expenses for Audit Services and the Schedule of Fees for Additional Services, attached hereto as **Exhibit B**. Failure to timely submit the annual audit report will result in the withholding of further fee payment by the County until satisfactory submission is made. In addition, the County reserves the right to terminate this Agreement upon completion of the auditor's services for the fiscal year in question and award a contract for the remaining audit years to another firm.

6. Method of Payment. Consultant may request payment from the County by the submission of a properly executed original invoice. Invoices shall reflect the amount due and owing and identify the nature of services performed with appropriate supporting documentation. Requests for payment shall not be made more frequently than once a month. All payments under this Agreement and interest on any late payments shall be governed by and construed in accordance with the Local Government Prompt Payment Act, §§218.70, Florida Statutes, as amended.

7. Standard of Care. The Auditor certifies that it is a certified public accounting firm duly licensed under Chapter 473, Florida Statutes, and is fully qualified to conduct audits in accordance with government auditing standards as adopted by the Florida Board of Accountancy. The Auditor shall exercise the same degree of care, skill and diligence in the performance of the services as ordinarily provided by a professional under similar circumstances, and Auditor shall, at no additional cost to the County, re-perform any services that fail to satisfy the foregoing standard of care.

8. Termination. Either party may terminate this Agreement for cause upon providing not less than seven (7) days written notice to the other party. The County shall have the right to terminate this Agreement without cause upon providing fourteen (14) days written notice to Auditor, and Auditor shall terminate the performance of services on a schedule acceptable to County or at the end of this fourteen (14) day period. In the event of termination for County's convenience, the County shall pay Auditor for all services performed through the date of termination.

9. Force Majeure. Neither party shall be considered to be in default of this Agreement if delays in or failure of performance shall be due to uncontrollable forces, the effect of which, by the exercise of reasonable diligence, the non-performing party could not avoid. The term "Uncontrollable Forces" shall mean any event which results in the prevention or delay of performance by a party of its obligations under this Agreement and which is beyond the reasonable control of the non-performing party, including, but not limited to, fire, flood, earthquakes, storms, lightening, epidemic, war, riot, civil disturbance, sabotage, Acts of God and governmental actions. Neither party shall, however, be excused from performance if nonperformance is due to forces which are preventable, removable, or remediable and which the non-performing party could have, with the exercise of reasonable diligence, prevented, removed, or remedied with reasonable dispatch. The non-performing party shall, within a reasonable time of being prevented or delayed from performance by an uncontrollable force, give written notice to the other party describing the circumstances preventing continued performance of the obligations of this Agreement.

10. Indemnification. Auditor shall indemnify and hold harmless the County, its elected and appointed officials and employees from liabilities, damages, losses and costs, including, but

not limited to, reasonable attorney's fees, to the extent caused by the negligence, recklessness or intentional wrongful misconduct of Auditor and persons employed or utilized by Auditor in the performance of this Agreement. Any costs and expenses, including attorney's fees, appellate, bankruptcy or defense counsel fees incurred by the County to enforce this Indemnification Clause shall be borne by the Auditor. This Indemnification Clause shall continue indefinitely and survive the cancellation, termination, expiration, lapse or suspension of this Agreement.

11. Insurance. During the performance of this Agreement, Auditor shall procure and maintain, at its sole expense, the following insurance:

- (a) Commercial General Liability, Form CG1, with \$1,000,000 per occurrence. Excess or umbrella insurance may be purchased to make up the difference, if any, between the policy limits of the underlying policies.
- (b) Professional Liability with \$1,000,000 per occurrence minimum limits.
- (c) Florida statutory Workers' Compensation.

It is understood and agreed by the parties that if the Auditor consists of a joint venture, partnership, or other association of professional or business firms, each such firm shall be required to individually carry the above cited coverages.

Auditor agrees all liability coverage shall be through carriers admitted or authorized to do business in the State of Florida. Carriers shall be "A" or other Secure Best Rating with a minimum financial size of "VII", according to the A.M. Best Key Rating Guide Latest Edition. The insurance policies shall be endorsed to provide at least thirty (30) days prior notice of cancellation, nonrenewal or adverse change. Such notices shall be mailed to Escambia County, Post Office Box 1591, Pensacola, Florida 32597.

The Board of County Commissioners and Escambia County shall be endorsed as "additional insureds" on the policy of commercial general liability. Certificates of Insurance shall be provided to Escambia County, Post Office Box 1591, Pensacola, Florida 32597 prior to commencement of work hereunder. Certificates shall reflect the additional insured status of Escambia County described in this section. The Board of County Commissioners and Escambia County shall also be the certificate holders.

12. Independent Contractor Status. The parties intend by this Agreement that Auditor is an independent contractor and not an employee of County. Auditor shall not be considered an employee of County at any time, under any circumstances, or for any purpose. Neither party is the agent of the other nor neither shall have the right to bind the other by contract or otherwise, except as herein specifically provided. As an independent contractor, Auditor has and shall retain sole responsibility for all workers' compensation, unemployment compensation, withholding, and employment taxes due to federal, state or local governments in the performance of this Agreement. Auditor shall not be entitled to participate in or receive any benefits under any benefit plan or program of County including, without limitation, medical, dental, disability, group life, retirement savings plan or program, vacation, or holidays. Auditor agrees to indemnify, defend and hold harmless County from any claims by him, or by any federal, state, or local government agency, on account of wages, withholding and employment taxes, or workers' compensation claims, or any other actions arising out of Auditor's performance of this Agreement.

13. Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, and the parties stipulate that venue shall be in the County of Escambia.

14. Public Records. The Auditor acknowledges that this Agreement and any related financial records, audits, reports, plans, correspondence, and other documents may be subject to disclosure to members of the public pursuant to Chapter 119, Florida Statutes. The Auditor shall maintain all such public records and, upon request, provide a copy of the requested records or allow the records to be inspected within a reasonable time. The Auditor shall also ensure that any public records that are exempt or exempt and confidential from disclosure are not disclosed except as authorized by law. Upon the expiration or termination of the Agreement, Auditor agrees to maintain all public records for a minimum period of five (5) fiscal years in accordance with the applicable records retention schedules established by the Florida Department of State. In the event the Auditor fails to abide by the provisions of Chapter 119, Florida Statutes, the County may, without prejudice to any other right or remedy and after giving the Auditor seven days written notice, during which period the Auditor still fails to allow access to such documents, terminate the Agreement. In such case, the Auditor shall not be entitled to receive any further payment. Reasonable terminal expenses incurred by the County may be deducted from any payments left owing the Auditor.

IF THE AUDITOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE AUDITOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT:

**Escambia County
Office of the County Administrator
221 Palafox Place, Suite 420
Pensacola, Florida 32502
(850) 595-4947**

15. Nondisclosure of Proprietary Information. Auditor shall consider all information provided by the County and all reports, studies, calculations and other documentation resulting from the Auditor's performance pursuant to this Agreement to be proprietary unless such information is available from public sources or is a public record under Chapter 119, Florida Statutes. Auditor shall not publish or disclose proprietary information for any purpose other than the performance of services pursuant to this Agreement without the prior written authorization of County or in compliance with a lawful court order.

16. Ownership of Documents. It is expressly understood and agreed that client provided records and supporting documents, including, but not limited to, any financial records, audits, reports, plans, data or other raw data, correspondence, and other documentation, that may be provided to the Auditor by any agency, entity, or constitutional officer that is subject to the audit shall remain subject to disclosure pursuant to Chapter 119, Florida Statutes. In addition, all reports and other documents resulting from the Auditor's performance of services pursuant to this Agreement shall become the property of the County upon final payment to the Auditor for the County's use and distribution as may be deemed appropriate by the County. All working papers and other memoranda relating to any agency, entity, or constitutional officer that is subject to the

audit that may be produced by the Auditor in the course of performing services pursuant to this Agreement shall remain the property of the Auditor but, with the appropriate written authorization, shall be made available to the County for examination or duplication at no cost to the County.

17. Use of Systems and Software. The Auditor shall obtain the County's written permission prior to using the County's computer system or software. The Auditor agrees that such system use will be controlled by the County so as not to disrupt its ongoing daily operations.

18. Non-waiver. A waiver by either party of any breach of this Agreement shall not be binding upon the waiving party unless such waiver is in writing and duly signed by both parties to this Agreement. In the event of a written waiver, such a waiver shall not affect the waiving party's rights with respect to any other or further breach. The making or acceptance of a payment by either party with knowledge of the existence of a default or breach shall not operate or be construed to operate as a waiver of any subsequent default or breach.

19. Severability. The invalidity, illegality, or unenforceability of any provision of this Agreement, or the occurrence of any event rendering any portion or provision of this Agreement void or voidable, shall in no way affect the validity or enforceability of any other portion or provision of the Agreement. Any void or voidable provision shall be deemed severed from the Agreement and the balance of the Agreement shall be construed and enforced as if the Agreement did not contain the particular portion of provisions held to be void. The provisions of this section shall not prevent the entire Agreement from being held void should a provision which is of the essence of the Agreement be determined to be void by a court of compensation jurisdiction.

20. Entire Agreement. This Agreement contains the final, complete, and exclusive statement of the terms of the Agreement between the parties and supersedes all prior oral or written agreements. This Agreement supersedes all prior agreements, contracts, proposals, representations, negotiations, letters of other communications between the parties pertaining to the services, whether written or oral. The Agreement may not be modified unless such modifications are evidenced by an amendment in writing signed by both parties.

21. Assignment of Agreement. This Agreement, or any interest herein, shall not be assigned, transferred, or otherwise encumbered, under any circumstances, by the Auditor without the prior written consent of the County. However, the Agreement shall run with the Escambia County Board of County Commissioners and its successors.

22. Compliance with Laws. Auditor will comply with all applicable regulatory and other applicable requirements including federal, state, and local laws, rules, policies, or guidelines related to the performance of this Agreement.

23. Conflict of Interest. Auditor agrees it shall not contract for or accept employment for the performance of any work or service with any individual, business corporation, or government unit that would create a conflict of interest in the performance of its obligations under this Agreement. Auditor further agrees it will neither take any action nor engage in any conduct that would cause any County employee or official to violate the provisions of Chapter 112, Florida Statutes, relating to ethics in government. Auditor also agrees to comply with the County's ordinance prohibiting conflicts of interest among retained consultants.

24. Contingent Fees. The Auditor warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the Auditor to solicit or secure this Agreement and that it has not paid or agreed to pay any person, company, corporation,

individual or firm, other than a bona fide employee working solely for the Auditor, any fee, commission, percentage, gift or any other consideration contingent upon or resulting from the award or making of this Agreement. For the breach or violation of this provision, the County shall have the right to terminate the Agreement without liability and, at its discretion, to deduct from the contract price, or otherwise recover, the full amount of such fee, commission, percentage, gift, or consideration.

25. Truth-in-Negotiation Certificate. Execution of this Agreement by the Auditor shall act as the execution of a truth-in-negotiation certificate certifying that the wage rates and costs used to determine the compensation provided for in this Agreement are accurate, complete, and current as of the date of the Agreement and no higher than those charged the Auditor's most favored customer for the same or substantially similar services. The said rates and cost shall be adjusted to exclude any significant sums should the County determine that the rates and costs were increased due to inaccurate, incomplete, or noncurrent wage rates or due to inaccurate representations of fees paid to outside consultants. The County shall exercise its rights under this "Certificate" within one (1) year following payment.

26. Notice. Any notice, payment or other communication under this Agreement required hereunder or desired by the party giving such notice shall be given in writing and delivered by hand or through the instrumentality of certified mail of the United States Postal Service or private courier service, such as Federal Express. Unless otherwise notified in writing of a new address, notice shall be made to each party as follows:

Escambia County
Attention: Stephan Hall
221 Palafox Place, Suite 440
Pensacola, FL 32502

Warren Averett, LLC
Attention: Kristen McAllister
316 South Baylen Street, Suite 300
Pensacola, FL 32502

Rejection, or other refusal by the addressee to accept, or the inability of the courier service or the United States Postal Service to deliver because of a changed address of which no notice was given, shall be deemed to be receipt of the notice sent. Any party shall have the right, from time to time, to change the address to which notices shall be sent by giving the other party at least ten (10) days prior notice of the address change.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement on the respective dates under each signature:

**BOARD OF COUNTY COMMISSIONERS
ESCAMBIA COUNTY, FLORIDA**

By: Lumon J. May
Lumon J. May, Chairman

Date: 7/18/2019

BCC Approved: 6/16/2019

WARREN AVERETT, LLC

By: Kristen McAllister
Kristen McAllister

ATTEST
Pam Childers
Clerk of the Circuit Court
[Signature]
Deputy Clerk


WITNESS: Kendray Wallace

WITNESS: Madison Crossley

Approved as to form and legal sufficiency.

By: Kristin D. Hual, SACA

Date: 05-21-2019

PART II – STATEMENT OF WORK**2.1 WORK OBJECTIVE**

This RFP solicits proposals from certified public accounting firms to provide the County with an annual financial statement audit. The RFP is to provide responding parties with guidelines and information to aid in their submission of proposals.

The County will contract for five annual audits (2019, 2020, 2021, 2022, and 2023) based on a fee not to exceed a maximum amount (per year) with provisions for extension of the contract for five one year renewal terms. Additional services will be contracted for separately with the County reserving the right to solicit to other firms.

Escambia County has a population of approximately 315,187 people and is located in the northwestern part (the "Panhandle") of Florida. The County employs some 2,497 full-time employees and has total net position of over \$602 million and revenues of over \$506 million for the year ending September 30, 2017. The County organizational chart is presented on pages 36 & 37. The County has consecutively received the GFOA's Certificate of Achievement.

The County provides a pension plan through the Florida Retirement System (FRS) for all full-time employees of the County. FRS is a multiple employer cost sharing defined benefit pension plan established in 1970 by Chapter 121, Florida Statutes and is administered by the Florida Department of Management Services, Division of Retirement. Financial reports including financial statements and required supplementary information are available.

The County's accounting system is substantially fully automated. All Clerk Finance Department staff have a personal computer with access to the accounting system(s). Computer access will be made available to the auditors. The primary accounting software is an integrated financial system supplied by Superior (formerly Sunguard Pentamation), including general ledger, payroll, purchasing, fixed assets, accounts receivable, cash receipts, and extended reporting. The Finance Department utilizes reports from the accounting software, various spreadsheets, and word processing documents in preparing the Comprehensive Annual Financial Report (CAFR). In addition, Finance Department staff use personal computers extensively in day-to-day applications.

The County will provide adequate work and storage space during the field work period. County staff will be available to pull documents and prepare schedules that are agreed to prior to the start of the year-end field work.

Available for inspection are the County's CAFR, CAFR AG and Annual Audit Reports (for various years) on the Clerk's Website at www.escambiaclerk.com.

2.2 SCOPE OF WORK TO BE PERFORMED

The scope of the audit engagement will require the examination of the BCC and individual elected officials', the Pensacola Bay Center, and the Law Library (collectively known as "the County") financial statements as required by the Auditor General for the period of October 1, 2019 through September 30, 2023, and verification of beginning balances, in order to express an opinion on the fairness with which they present the financial position, results of operations, and changes in financial position in conformity with generally accepted accounting principles, and an examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements.

The funds and account groups to be audited are those included or includable in the County's annual audit report (available at www.escambiaclerk.com). The County shall have closed, balanced, and prepared financial statements for all funds and account groups to be examined by the auditor in a schedule of events ending prior to November 25th, of each year, with the exception of the GASB 68 Florida Retirement System entry. The Clerk will have primary responsibility for producing the CAFR (and all elements thereof) as well as the Annual Audit Report. The auditor shall assist in finalizing the County's annual financial report, and shall include an opinion in its report regarding the County's CAFR; as well as the individual elected officials' audit reports (including notes to financial statements), and shall include an opinion in its report regarding the County's CAFR and supplemental financial schedules. The opinion shall reference the audit of the County's governmental and business-type activities, each major fund and the aggregate remaining fund information. The County shall also provide additional financial and non-financial information not subject to examination by the auditor but necessary to conform to the principles and standards of public financial reporting necessary to submit the County's CAFR to the Government Finance Officers Association (GFOA) Certificate of Achievement Program. The County's CAFR will additionally be expected to meet any present or to-be-established standards for disclosure attributed to the CAFR to enable inclusion in various municipal bonds continuing disclosure libraries and depositories.

All records of constitutional officers of Escambia County, Florida, shall be included in the single combined audit report with separate management letters for each constitutional officer.

The audit should be performed in accordance with the following as they exist or as each may be subsequently amended:

- ◆ Generally accepted governmental accounting principles as promulgated by GASB
- ◆ Statements on Auditing Standards (GAAS) promulgated by the American Institute of Certified Public Accountants (AICPA)
- ◆ Government Auditing Standards (GAS) issued by the Comptroller General of the United States
- ◆ Uniform Guidance (2CFR 200) and other applicable OMB circulars
- ◆ The Federal and Florida Single Audit Acts
- ◆ Florida Statutes as applicable
- ◆ Regulations of the Florida Department of Financial Services
- ◆ Rules of the Auditor General, State of Florida, Chapter 10.550
- ◆ Audits of State and Local Governmental Units (AICPA Audit Guide revised) or other authoritative standards
- ◆ Any applicable federal, state, local regulations or professional guidance not specifically listed above as well as any additional requirements which may be adopted by these organizations in the future.

The auditors shall perform a study and evaluation of internal accounting and administrative controls as required by GAAS and GAO. If weaknesses are noted, recommendations should be

reviewed with the appropriate level of management and included in a separate Management Letter to each elected official.

Timeliness and the ability to complete the individual audit reports in a timely manner are critical factors in the performance of the audit. The proposer should include a proposed audit plan in consideration of the County's plan outlined in Appendix A (which will be subject to annual negotiation). The auditor will coordinate the audit with the Clerk's Finance Director and will mutually endeavor to accomplish the audit in a phased basis throughout the year to reduce the year-end workload on the County's financial audit activities.

The auditor will review and accept separate audit reports for the Human Relations Commission, the Santa Rosa Island Authority, the Pensacola Economic Development Commission, Law Library and the Housing Finance Authority.

The Auditor agrees to do the GFOA checklist review for submission to the GFOA.

The auditor will agree to end field work by February 8th and to complete a review of the CAFR in time for the County to release the CAFR by March 1st and the Annual Audit Report by the same date.

2.3 REPORTS TO BE ISSUED

The County requires:

- ◆ An opinion on the CAFR
- ◆ An opinion on the government-wide basic financial statements and all supplementary information
- ◆ A separate single audit report that complies with Uniform Guidance (2CFR200) and Rules of the Auditor General, State of Florida, Chapter 10.550 for Federal and State Programs
- ◆ A Schedule of Financial Assistance, both Federal and State
- ◆ A reports on compliance and internal control over financial reporting
- ◆ A report on Landfill Management Escrow Account activity
- ◆ A report on Section 29.008 Article V revenues and expenditures
- ◆ Individual management letters as required by Florida Statute 11.45(3)(a)4 and defined in Rule 10.554, Rule of the Auditor General, for each elected official in accordance with the Auditor General of the State of Florida that includes a summation statement of audit findings and recommendations affecting financial statements, internal control, etc.
- ◆ Data collection form for reporting on audits of states, local governments, and non-profit organizations
- ◆ Any attestations of conclusions or special reports as required from time-to-time by Florida Statutes or Rules of State Agencies
- ◆ Review the Annual Financial Report (AFR), filed via LOGER
- ◆ Issuance of Constitutional Officers' Financial Statements
- ◆ Detention Commissary Audit
- ◆ Law Library Audit Report

Prior to submission of the completed report, the audit firm's staff will be required to review a draft of the proposed report and management letter with individual constitutional officers.

After delivery of the final audit report, the firm shall have the responsibility to notify each constitutional officer of his/her right to provide a written statement of explanation or rebuttal to the auditor's comments, including corrective action to be taken.

The independent audit reports shall be delivered by the auditor to the Clerk's liaison for inclusion in the audit report that is published on behalf of the County.

2.4 SPECIAL CONSIDERATIONS AND SERVICES

- A. The County will send a CAFR to the GFOA of the United States and Canada for review in the Certificate of Achievement for Excellence in Financial Reporting Program. It is anticipated that the auditor will be required to provide special assistance to the County to meet the requirements of that program by providing technical advice to ensure awarding of certification, including GFOA checklist review.
- B. The schedules of federal and state financial assistance and related auditor's report, (data collection report) as well as the reports on the internal control structure and compliance, are to be issued in conjunction with the CAFR.
- C. Review of the accrued liability reserves for the County's self-funded Health Insurance fund, workers compensation fund and the general liability fund.
- D. Review of the financial report of the County filed with the Department of Banking and Finance, State of Florida, pursuant to Section 218.32, Florida Statutes, to verify that it is in agreement with the financial statements for the year ended September 30, 2019 and all subsequent years covered by this agreement.
- E. Review and issuance of special reports as required for:
 - ◆ The landfill liability financial assurance
 - ◆ Article V Section 29.008 report
 - ◆ Detention Commissary Audit Report
 - ◆ Law Library
- F. The auditor must designate the partner in charge and two (2) "key" members of the audit team. The County shall reserve the right to approve any substitutions or changes in those staff designated as "key".
- G. The auditor shall report to the Clerk at least weekly the status of any potential audit adjustments so that the County may have adequate opportunity to investigate, gather information and respond if necessary. Final audit adjustments shall be submitted to the Clerk no later than 90 days following the end of the fiscal year under audit.
- H. The auditor will be available to attend the BCC meetings at which time the audit report will be submitted for acceptance. The auditor will be available to present the report or to respond to BCC questions as needed.
- I. There may be instances where the auditor will need to rely on estimates prepared by third-party specialists in respective fields such as engineering and/or actuarial estimates. Guidance found in SAS 73 will govern the use of third-party estimates.

2.5 WORKING PAPER RETENTION AND ACCESS TO WORKING PAPERS

All reports and other documents that result from the auditor's services shall become the property of the County after final payment to the auditor. No changes or revisions to such documents shall be made by the County or its agents without the auditor's written approval.

Working papers are the property of the auditor and should be held locally for a period of five years. Working papers, including those of all agencies and Constitutional Officers subject to this audit and all supporting documentation, will be available for examination or duplication without charge to the Escambia County Board of County Commissioners, authorized County personnel or designated agencies, representatives of the cognizant Federal Audit Agency, the General Accounting Office, the State of Florida Auditor General or the State Board of Accountancy. They will be made available for examination or duplication at reasonable charge to subsequent auditors engaged by the County.

The auditor will agree to notify the County if the Board of Accountancy or any other regulatory agency requests a review of the audit work papers concerning the County or any government client audited by the local office.

To make each proposer aware of certain additional contractual requirements, which the County will provide for the contract, the following points are made:

- a) Understanding the nature of most CPA firms' promotion/resource reallocation practices, the County will reserve the right to approve the re-designation of any partner, manager, or seniors at the on-site supervisory or higher level. Each proposer should be aware of the County's interest in the on-site expertise and experience of the proposed project team.
- b) We expect immediate compliance with any expanded scope definitions and will only consider fee adjustment where significant change can be demonstrated which will materially affect what the County should have expected the auditor to accomplish at the time of fee determination.
- c) The auditor acknowledges that it will conduct its business in conformity with the provisions of Chapter 112, Florida Statutes, relating to ethics in government. In the event the auditor causes or in any way promotes or encourages a County officer, employee, or agent to violate Chapter 112, Florida Statutes, the County shall have the right to immediate termination of this agreement.

PART III - TIME REQUIREMENTS

3.1 SCHEDULE FOR CONDUCTING AUDITS

- Each of the following should be completed by the Auditor no later than the dates indicated:
 - A. Interim Work – The auditor shall complete interim work by August 31, 2019 and all subsequent years covered by this contract.
 - B. Detailed Audit Plan – The auditor shall provide the County by July 31st each year both a detailed audit plan and a list of all schedules to be prepared by the County.

**PART IV – ASSISTANCE TO BE PROVIDED TO THE AUDITOR
AND REPORT PREPARATION**

4.1 FINANCIAL SERVICES DEPARTMENT AND CLERICAL ASSISTANCE

The County staff and responsible management personnel will be available during the provision of services to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the County.

4.2 WORK AREA, TELEPHONES, PHOTOCOPYING AND FAX MACHINES

The County will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to telephone lines, photocopying facilities and facsimile machines. The auditor will provide their own personal computer equipment and printers. The auditor will provide their own office supplies, such as pens, printer paper, etc.

4.3 REPORT PREPARATION

CAFR and annual audit report preparation, editing and printing shall be the responsibility of the Clerk. Preparation and printing of other reports described herein shall be the responsibility of the proposer. The auditor will coordinate the delivery of each constitutional officer's stand-alone financial statements and notes to the Clerk no later than December 5th so that the Clerk can prepare the consolidated financial statements used in the preparation of the CAFR.

PART V – INSTRUCTIONS FOR PREPARING PROPOSALS

5.1 RULES FOR PROPOSALS

The proposal must name all persons or entities interested in the proposal as principles. The proposal must declare that it is made without collusion with any other person or entity submitting a proposal pursuant to this RFP.

Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the County and the firm selected.

5.2 PROPOSAL FORMAT

Proposers should prepare their proposals using the following format and follow the numbering format below for tabbing/indexing their RFP submittal. Proposal to include but not limited to:

1. Title Page: Title page showing the RFP's subject; the firm's name; the name, address and telephone number of contact person; and the date of the proposal.
2. Table of Contents: The table of contents of the proposal should include a clear and complete identification of the materials submitted by section and page number.
3. Letter of Transmittal: This letter will summarize in a brief and concise manner the following:
 - ◆ Proposer's understanding of the scope of work and make a positive commitment to timely performance of work.
 - ◆ The letter must name all persons or entities interested in the proposal as principals.
 - ◆ The letter must declare that it is made without collusion with any other person or entity submitting a proposal pursuant to this RFP.
 - ◆ Identify all of the persons authorized to make representations for the proposer, including the titles, addresses and telephone numbers of such persons.
 - ◆ An authorized agent of the proposer must sign the Letter of Transmittal and must indicate the agent's title or authority.

The firm identified on the Letter of Transmittal will be considered the primary firm. If more than one firm is named on the Letter of Transmittal, a legal document showing the partnership, joint venture, corporation, etc. shall be submitted showing the legality of such. Submittal for Joint Venture to include executed Joint Venture agreement and if state law requires that the Joint Venture be registered, filed, funded, or licensed prior to submission of the proposal, then same shall be completed prior to submittal. Proposers shall make their own independent evaluation of the requirements of the state law. The County will not consider submittals that identify a joint partnership to be formed. The primary firm identified herein will be responsible for final negotiations and receipt of payments from the County. The letter should not exceed two pages in length.

4. Executed copy of Drug Free Workplace.
5. Proposer Guarantee (Appendix B).
6. Notarized Acknowledgement of Business Type Form.
7. Statement acknowledging receipt of each addendum issued by the County.

8. Understanding of Scope of Services as detailed Part II.
9. Technical Proposal (as detailed herein).

5.3 CONTENT OF TECHNICAL PROPOSAL

A. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the County in conformity with the requirements of this RFP. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the combined qualifications of the firms and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the RFP requirements.

The technical proposal should address all of the points outlined in the Request for Proposal. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the following subjects, items B through R, must be included.

TECHNICAL PROPOSAL SHOULD UTILIZE SAME NUMBERING FORMAT IDENTIFIED HEREIN

B. Independence

1. The firm shall provide an affirmative statement that it is independent of the County as defined by generally accepted auditing standards and the US General Accounting Office's Governmental Auditing Standards.
2. The firm shall also disclose any relationships or business dealings either the firm itself or its key partners and personnel have with the County or key County personnel that could appear to be a conflict.
3. The firm should list and describe the firm's or any individual in the firm's professional relationships, if any, involving the County or key County personnel for the past five (5) years.

C. License to Practice in Florida

1. An affirmative statement must be included indicating that the firm and all assigned key professional staff are properly registered/licensed to practice in Florida.

D. Firm Qualifications and Experience

1. Proposer to identify the following:
 - ◆ State whether the firm is local, national, or international
 - ◆ Size of the firm
 - ◆ Size of the firm's governmental audit staff
 - ◆ Location of the offices from which the work on this engagement is to be performed
 - ◆ Number and nature of the professional staff to be employed in this engagement on a full-time basis.

- ◆ Number and nature of the staff to be so employed on a part-time basis and a delineation of the responsibilities of the firm.
2. The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years.
 3. The firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm or any professional staff during the past three (3) years with State Board of Accountancy or the Auditor General.
 4. The firm shall also describe any litigation or proceeding whereby, during the past two years, a court or any administrative agency has ruled against the firm in any manner related to its professional activities. Similar information shall be provided for any current or pending litigation.

Failure to return this information with your proposal may result in the rejection of your proposal.

E. Partner, Supervisory and Staff Qualifications and Experience

1. The proposal shall identify the principal supervisory and management staff of engagement office, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a Certified Public Accountant in Florida.
2. The proposal shall also include information on the governmental, utility and electronic data processing auditing experience of each person on the team, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations and on standards setting advisory boards and committees relevant to the performance of this audit.

As much information as possible should be provided regarding the number, qualifications, experience and training of the specific staff to be assigned to this engagement. The proposal shall also indicate how the quality of staff over the term of the agreement will be assured.

3. Describe the firm's participation and experience in quality reviews and peer reviews, specifically the inclusion of governmental audits in the quality review and peer reviews of the proposed office. Enclose a copy of the firm's latest peer review report. Report to be submitted at end of Section 5.3, Item E.
4. The auditor should outline its commitment to governmental auditing and financial reporting experience by:
 - ◆ Compliance with Florida Statutes and Rules and Government Auditing Standards for staff CPE in governmental auditing or accounting by staff levels involved.
 - ◆ Commitment to active participation in local, state and national governmental finance organizations.
 - ◆ Growth experience in number of governmental audit clients served locally, state-wide and nationally. Number of governmental clients served in the management advisory services practice of the firm locally, state-wide or nationally.

F. Similar Engagements with Other Government Entities

1. For the engagement office assigned responsibility for the audit, list and rank the five (5) most significant engagements performed in the last five years that are similar to the engagement described in this RFP. These engagements should be ranked on the basis of total staff hours.

Indicate:

- ◆ the scope of work
- ◆ date
- ◆ engagement partners
- ◆ total hours
- ◆ the name and telephone number of the principal client contact

The County reserves the right to contact the above-mentioned references and any other clients.

G. Conflict of Interest

The proposal must also disclose any potential real or perceived (as outlined in GAS Chapter 3) conflicts of interest due to any other client's contract or property interests or include a notarized statement certifying that no member of your firm's ownership, management or staff currently have a vested interest which might be considered a conflict of interest. Any potential conflict of interest listed by a firm will be reviewed by the County Attorney to determine its substantivizes. If the conflict of interest is found to be substantive, the proposal will be rejected.

H. Specific Audit Approach

The proposal must set forth a work plan; including an explanation of the audit methodology to be followed to perform the services required in Part II of this RFP. In developing the work plan, reference should be made to such sources of information as the County's budget and related materials, organizational charts, manuals, programs, and other financial and management information. Proposers will be required to provide the following information on their audit approach:

1. Proposed segmentation of the engagement.
2. Staffing assignments and levels to be designated to each proposed segment of the engagement.
3. Extent of evaluation and use of electronic data processing software in the engagement.
4. Approach to be taken to gain and document an understanding of the County's internal control structure.
5. Approach to be taken in determining laws and regulations that will be subject to audit test work.
6. Approach to be taken in determining audit samples for purposes of test compliance.

I. Proof of Insurance

Firms shall provide proof that they are in compliance with the insurance requirements as described in Part I (1.21) and specifically regarding minimum coverage for Errors and Omissions Insurance.

J. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the County.

K. Availability

Indicate current and anticipated workloads and availability for other activities. Identify the extent and nature of any anticipated outside support.

L. Additional Information

This section shall include the following items:

1. Provide a summary of any litigation filed against the proposer in the past five years which is related to the services that proposer provides in the regular course of business. The summary shall state the nature of the litigation, a brief description of the case, the outcome or projected outcome, and the monetary amounts involved.
2. Any additional information which the proposer considers pertinent for consideration should be included in this part of the proposal.

M. Dollar Cost Bid

This section of the Proposal should contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The County will not be responsible for expenses incurred in preparing and submitting the technical proposal or the dollar cost bid. Such costs should not be included in the proposal.

The first page of the price proposal should include the following information:

1. Name of Firm
2. Certification that the person signing the proposal is entitled to represent the firm empowered to submit the bid and authorized to sign a contract with the County.
3. A total all-inclusive maximum price for the 2019 engagement.

N. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The second page of the dollar cost proposal should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix A, Part 1), that supports the total all-inclusive maximum price.

The cost of special services described in Part II (2.4) of this RFP should be disclosed as separate components of the total all-inclusive maximum price using the formats provided in Appendix A, Parts 2 and 3.

O. Out-of-Pocket Expenses Included in the Total All-Inclusive Maximum Price and Reimbursement Rates

Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed in accordance with Section 112.061, Florida Statutes. All estimated out-of-pocket expenses to be reimbursed should be presented in the dollar cost bid in the format provided in the attachment (Appendix A). All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

In addition, a statement must be included in the proposal pricing cost, stating that travel, lodging and subsistence expenses included in the total all-inclusive price are in accordance with Section 112.061, Florida Statutes.

P. Rates for Additional Professional Services

If it should become necessary for the County to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only upon a written agreement between the County and the firm. Any such additional work agreed to between the County and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost bid.

Q. Pricing for Contract Years 1 through 5

Use the lower section of Appendix A, Part 1, to provide the total all-inclusive price for contract years 1 through 5. If the proposed hourly rates used to calculate the total all-inclusive price for any contract year are different from contract year 1 rates, provide an index for those years or provide rates for each staff level and each contract year for which there is a change. Also include a statement that those rates will be applicable for any additional professional services which may be requested during those contract years.

R. Manner of Payment

Payments will be based on a percentage of completion methodology based on scheduled milestones/progress, to be developed upon awarding of the contract. The County will withhold retainage from all scheduled payments until final completion of the Audit. Retainage rate will be 10%; at 50% completion the rate will be reduced to 5%. The County reserves the right to inspect records supporting the auditor's billings.

PART VI – EVALUATION OF PROPOSALS

6.1 EVALUATION CRITERIA

The County will evaluate proposals and will select the proposer(s) which meets the best interests of the County. The County shall be the sole judge of its own best interests, the proposals, and the resulting negotiated agreement. The County's decision will be final.

The following represent the principal selection criteria and related weight values; however, not limited to, which will be considered during the evaluation process.

<u>Criteria</u>	<u>Weight Values</u>
Responsiveness of the proposal related to the scope of work	0 - 5
Ability, capacity, and skill of the proposer to perform the services on a timely basis	0 - 30
Responses of the clients' governmental references	0 - 10
Experience of the business and individual members of the business in accomplishing similar services	0 - 5
Total price	0 - 30
Recent, current and projected workload of proposing auditors	0 - 5
The quality, availability, and adaptability of the services to the particular need requested	0 - 10
Local presence	0 - 5
Total	<u>0 - 100</u>

ALTHOUGH COST IS OF CONSIDERABLE IMPORTANCE, IT WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM

BILLING/PAYMENT SCHEDULE

<u>Audit Plan/Phase</u>	<u>Completion Date</u>	<u>Payment Progress</u>
Planning	July 31st	Progress billing
Preliminary Field Work (Interim)	August 31 st	Progress billing
Progress Billings (Monthly)		Progress billings
Year End Field Work	February 15th	Progress billing
Completed Reviews/Exit	March 15th	Final billing
Conferences and Release of Reports		

AUDIT TIME LINE

June 25, 2018 (one week)	Auditor Field Work Testing
September 20, 2018 (Thurs)	Approval of Budget by BOCC
September 21, 2018 (Fri) (L-Vendors & PR)	Check Run
September 25, 2018 (Tue) (AP)	Check Run
September 27, 2018 (Thurs) (Visa)	Check Run
September 30, 2018	Computer down (NO ENTRIES)
	Run Reports from Year End Procedures, Backup files
	Close Period 12, Open Period 13 & 1
September 28, 2018 (Fri)	(IT) Move Live Payroll to Training for all Databases
October 3, 2018 (Wed)	Change fund/Petty cash letters, Supplies Inventories
October 4, 2018 (Thurs)	Comp earned/leave taken reports due
October 4, 2018 (Thurs)	Payroll accrual due
October 4, 2018 (Thurs)	All Daily Deposit Reports
	Interdepartmental AR reports and billings due
October 10, 2018 (Wed)	PCard Receipts due
	Final Submission of all Invoices, Receiving Reports &
	Vouchers (Including Contracts)
	Compensated absences JE due
October 10, 2018 (Wed)	Bank Recons and A/R Recons
October 16, 2018 (Tue)	All Payables Loaded
October 17, 2018 (Wed)	Final Check Run for FY2018 Appropriations
October 19, 2018 (Fri)	Final Visa for FY2018
October 19, 2018 (Fri)	Run Reports for Encumbrance Rollover
October 22, 2018 (Mon)	AP Accruals, Run Aged AP report (Donna/Beth)
October 22, 2018 (Mon)	Revenue accruals due
October 22, 2018 (Mon)	Grant accruals due
November 1, 2018 (Thurs)	BOCC to approve encumbrance roll over / Budget adjustment
November 2, 2018(Fri)	Post Rollover Budget Amendments
	Fixed Asset Expenditure Reclass entries & Fixed Asset Posting
November 6, 2018 (Tue)	All fund folder assignments Done/All entries to GL Done
November 8, 2018 (Thurs)	Audit Schedules & PBC list items due
November 9, 2018 (Fri)	Veteran's Day Holiday, County Offices Closed
November 19, 2018 (Mon)	Auditors Return
November 12-16, 2018 (Mon-Fri)	Fund Level data entry for CAFR, Cash Flows
December 3, 2018 (Fri)	Receive Final Draft Elected Officials'
	Transfers/DT-DF Schedules Due
December 28, 2018 (Fri)	Receive Final Draft FS (PEDC,HRC,SRIA,LL)
January 7-11, 2019	Exit Conferences with Elected Officials, Receive Responses
January 15, 2019 (Tue)	Article V Sec 29 Report to Auditor
January 21, 2019 (Mon)	Receive Final Article V Sec 29 report from Auditor
January 25, 2019 (Fri)	CAFR draft to Auditor
January 30, 2019 (Wed)	Draft AFR to Auditor
February 15, 2019 (Fri)	End of Field Work, Final CO's FS
February 8, 2019 (Fri)	Draft CAFR-AG to Auditor
February 19, 2018 (Tues)	Final Auditor Approval AFR, CAFR, CAFR-AG,
	Landfill Escrow, Single Audit/Data Collection, LL, Commissary
March 14, 2019 (Thurs.)	CAFR/CAFR-AG Agenda Acceptance
March 4-8, 2019	Print/Bind and (Release) CAFR/CAFR-AG

NOTE: Run System Roll for FY18 each week after AP & JEs to accurately reflect FY18 cash.

M. Dollar Cost Bid

1. Warren Averett, LLC
2. Kristen R. McAllister, CPA, CGFM is entitled to represent the Firm, empowered to submit the bid and authorized to sign a contract with the County.
3. The total all-inclusive maximum price for the 2019 engagement is \$220,000.

N. Rates by Member, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

Schedule of Professional Fees and Expenses For the Audit of the September 30, 2019 – 2023 Financial Statements: Supporting Schedule for Audit Services

	Hours	Standard Rates	Proposed Total
Members	300	\$ 295	\$ 88,500
Managers	565	\$ 255	\$144,075
Supervisors	350	\$ 205	\$ 71,750
Other Staff	300	\$ 175	\$ 52,500
IT Specialist	40	\$ 225	\$ 9,000
Subtotal	1555		\$ 365,825
Projected 40% discount			(\$ 145,823)
All-inclusive price			\$ 220,000
Total Price for Audit Services			
Year 1			\$ 220,000
Year 2			\$ 222,200
Year 3			\$ 224,422
Year 4			\$ 226,666
Year 5			\$ 228,933
Grand Total Price for Audit Services (5 Years)			\$ 1,122,221

Note: Years two through five are based on 1% increases in rates. These rates will apply to additional services that might be requested by the County.

We bring our experience to the field.

Our commitment to finishing timely and providing the County the highest level of service with experienced team members is evidenced by the Member and Manager time committed in our proposed hours.

Approximately 55% of the total hours are incurred at the Member and Manager level.

The actual hours will vary year-to-year depending on implementation of new GASB pronouncements, changes to reporting standards, changes required by the Florida Auditor General, changes to opinion units, types and number of major federal programs and state projects selected for audit, as well as technological advancements for efficiency.

We will provide interim progress billings on the dates per the contract guidelines at the rates above. Regardless of the number of hours necessary to complete the job, we will not exceed the maximum all-inclusive price. The projected discount indicated above is based on the estimated hours and standard rates and will be applied on the final invoice.

Name of Firm: Warren Averett, LLC

APPENDIX A, PART 2
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR ADDITIONAL SERVICES NOT IDENTIFIED IN PART II

	<u>STANDARD HOURLY RATES</u>
Partners	\$ 295
Managers	\$ 255
Supervisory Staff	\$ 205
Staff	\$ 175
Other (specify): IT Specialist	\$ 225
Other (specify):	\$

Other Expenses (specify):

Name of Firm: Warren Averett, LLC

O. Out-Of-Pocket Expenses Included in the Total All-Inclusive Maximum Price and Reimbursement Rates

Warren Averett understands that all out-of-pocket expenses for Firm personnel (e.g. travel, lodging and subsistence) will be reimbursed in accordance with Section 112.061, Florida Statutes; however, due to our close proximity to the County offices, we do not anticipate any out-of-pocket expenses.

P. Rates for Additional Professional Services

If the County requests any additional services to either supplement the services requested in the RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such work will be performed only upon a written agreement between the County and Warren Averett. Any such additional work agreed to between the County and Warren Averett will be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost bid.

Q. Pricing for Contract Years 1 Through 5

The rates listed below are the total all-inclusive prices for contract years one through five. These rates will be applicable for any additional professional services which may be requested during those contract years.

Schedule of Professional Fees and Expenses
For the Audit of the September 30, 2019 – 2023
Financial Statements:
Supporting Schedule for Audit Services

Total Price for Audit Services	
Year 1	\$ 220,000
Year 2	\$ 222,200
Year 3	\$ 224,422
Year 4	\$ 226,666
Year 5	\$ 228,933
Grand Total Price for Audit Services (5 Years)	<u>\$ 1,122,221</u>

Note: Years two through five are based on 1% increases in rates. These rates will apply to additional services that might be requested by the County.

Name of Firm: Warren Averett, LLC