

## CONTRACT, LEASE, AGREEMENT CONTROL FORM

Date: 08/19/2021

Contract/Lease Control #: C16-2429-BCC

Procurement#: RRP BCC 47-16

Contract/Lease Type: AGREEMENT

Award To/Lessee: WARREN AVERETT, LLC

Owner/Lessor: OKALOOSA COUNTY

Effective Date: 08/03/2016

Expiration Date: 09/30/2022

Description of: AUDIT OKALOOSA COUNTY BCC FINANCIAL RECORDS

Department: BCC

Department Monitor: HOFSTAD

Monitor's Telephone #: 850-651-7151

Monitor's FAX # or E-mail: JHOFSTAD@MYOKALOOSA.COM

Closed:

Cc: BCC RECORDS



**PROCUREMENT/CONTRACT/LEASE  
INTERNAL COORDINATION SHEET**

Procurement/Contract/Lease Number: C16 2429-BCC Tracking Number: 4380-21  
Procurement/Contractor/Lessee Name: Warren Averett Grant Funded: YES \_\_\_ NO X  
Purpose: engagement agreement  
Date/Term: 9-30-2022 2022  
Department #: D114  
Account #: 532001  
Amount: \$ 249,941.00  
Department: BCC Dept. Monitor Name: Hafstad

1.  GREATER THAN \$100,000  
2.  GREATER THAN \$50,000  
3.  \$50,000 OR LESS

**Purchasing Review**

Procurement or Contract/Lease requirements are met:  
Delita Mason Date: 7-23-21  
Purchasing Manager or designee Jeff Hyde, DeRita Mason, Jesica Darr, Angela Etheridge

**2CFR Compliance Review (if required)**

Approved as written: no federal funds Grant Name: \_\_\_\_\_  
Date: \_\_\_\_\_  
Grants Coordinator \_\_\_\_\_

**Risk Management Review**

Approved as written: see email attached Date: 7-23-21  
Risk Manager or designee Lisa Price

**County Attorney Review**

Approved as written: see email attached Date: 7-23-21  
County Attorney Lynn Hoshihara, Kerry Parsons or Designee

**Department Funding Review**

Approved as written: \_\_\_\_\_ Date: \_\_\_\_\_

**IT Review (if applicable)**

Approved as written: \_\_\_\_\_ Date: \_\_\_\_\_

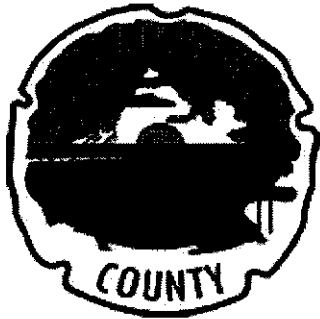
## DeRita Mason

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**From:** Lisa Price  
**Sent:** Friday, July 23, 2021 9:07 AM  
**To:** DeRita Mason  
**Subject:** RE: Engagement letter

This is approved by Risk for insurance purposes. Is there a bond requirement?

Lisa Price  
Risk Management  
Public Records & Contracts Specialist  
302 N Wilson Street, Suite 301  
Crestview, FL. 32536  
(850) 689-5979  
[lprice@myokaloosa.com](mailto:lprice@myokaloosa.com)



"We are forever indebted to those who have given their lives that we might be free."  
Ronald Reagan

For all things Wellness please visit:  
<http://www.myokaloosa.com/wellness>

*Due to Florida's very broad public records laws, most written communications to or from county employees regarding county business are public records, available to the public and media upon request. Therefore, this written e-mail communication, including your e-mail address, may be subject to public disclosure.*

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**From:** DeRita Mason <[dmason@myokaloosa.com](mailto:dmason@myokaloosa.com)>  
**Sent:** Friday, July 23, 2021 8:34 AM  
**To:** Kerry Parsons <[kparsons@myokaloosa.com](mailto:kparsons@myokaloosa.com)>  
**Cc:** Lynn Hoshihara <[lhoshihara@myokaloosa.com](mailto:lhoshihara@myokaloosa.com)>; Lisa Price <[lprice@myokaloosa.com](mailto:lprice@myokaloosa.com)>  
**Subject:** FW: Engagement letter

Good morning,  
Please review and approve the attached?



## DeRita Mason

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**From:** Lynn Hoshihara  
**Sent:** Friday, July 23, 2021 10:46 AM  
**To:** DeRita Mason; Kerry Parsons  
**Cc:** Lisa Price  
**Subject:** Re: Engagement letter

This is approved as to legal sufficiency. I will defer to Lisa on the insurance requirements.

Lynn M. Hoshihara  
County Attorney  
Okaloosa County, Florida

Please note: Due to Florida's very broad public records laws, most written communications to or from County employees regarding County business are public records, available to the public and media upon request. Therefore, this written e-mail communication, including your e-mail address, may be subject to public disclosure.

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**From:** DeRita Mason  
**Sent:** Friday, July 23, 2021 9:34:04 AM  
**To:** Kerry Parsons  
**Cc:** Lynn Hoshihara; Lisa Price  
**Subject:** FW: Engagement letter

Good morning,  
Please review and approve the attached?

Thank you,

DeRita Mason



DeRita Mason, CPPB, NIGP-CPP  
Senior Contracts and Lease Coordinator  
Okaloosa County Purchasing Department  
5479A Old Bethel Road  
Crestview, Florida 32536  
(850) 689-5960  
[dmason@myokaloosa.com](mailto:dmason@myokaloosa.com)



CONTRACT#: C16-2429-BCC  
WARREN AVERETT, LLC  
AUDIT OKALOOSA COUNTY BCC  
FINANCIAL RECORDS  
EXPIRES: 09/30/2022

**TERMS OF ENGAGEMENT**  
JULY 21, 2021

Warren Averett, LLC is pleased to confirm our understanding of the services we are to provide for the Board of County Commissioners of Okaloosa County, Florida (the "Client") and any of its affiliated entities. This agreement confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

**Services Provided**

We are pleased to confirm our understanding of the services we are to provide the Client for the year ended September 30, 2021. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Client as of and for the year ended September 30, 2021. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Client's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Client's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Changes in Total OPEB Liability and Related Ratios
- 3) Schedule of Proportionate Share of Net Pension Liability for the Florida Retirement System and Health Insurance Subsidy
- 4) Schedule of Contributions for the Florida Retirement System and Health Insurance Subsidy

In addition to the basic financial statements noted above, and as required by Florida Auditor General, we will audit the special purpose financial statements of the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections. We will perform the audit of Okaloosa County, Florida as of September 30, 2021 so as to satisfy the audit requirements imposed by the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the *Florida Single Audit Act* and Chapter 10.550, Rules of the Auditor General.

We have also been engaged to report on supplementary information other than RSI that accompanies the Client's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Expenditures of Federal Awards and/or State Financial Assistance (as applicable)
- 2) Schedule of Expenditures of Passenger Facility Charges
- 3) Combining and Individual Fund Statements and Schedules

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section
- 2) Statistical Schedules

We will examine the compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*, of the Board of County Commissioners of Okaloosa County, Florida, as of September 30, 2021. Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include tests of your records and other procedures we consider necessary to enable us to express an opinion as to whether the Board of County Commissioners of Okaloosa County, Florida, complied, in all material respects, with Chapter 10.550, *Rules of the Auditor General*. If, for any reason, we are unable to complete the examination, we will not issue a report as a result of this engagement. Our examination engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, fraud, or other violations of laws or regulations, that may exist. However, we will inform you of any material errors or fraud that comes to our attention. We will also inform you of any other violations of laws or regulations that come to our attention, unless clearly inconsequential.

#### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the *Florida Single Audit Act* and Chapter 10.550, *Rules of the Auditor General*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance and *Florida Single Audit Act* report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, *Florida Single Audit Act* and Chapter 10.550 *Rules of the Auditor General*. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Act Amendments of 1996; and the provisions of the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, Rules of the Florida Auditor General, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, and other procedures we consider necessary to enable us to express such opinions.

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to Members of the Board of County Commissioners and Other Elected Officials of Okaloosa County. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

#### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.



### **Audit Procedures - Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550.

### **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Client's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550 require that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal and state statutes, regulations, and the terms and conditions of federal and state awards applicable to major programs and projects. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* and the *Florida Department of Financial Services' State Projects Compliance Supplements* for the types of compliance requirements that could have a direct and material effect on each of the Client's major programs and projects. The purpose of these procedures will be to express an opinion on the Client's compliance with requirements applicable to each of its major programs and projects in our report on compliance issued pursuant to the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, *Rules of the Auditor General*.

### **Other Services**

We will also assist in preparing the financial statements, schedule of expenditures of federal awards and state projects, and related notes of the Client in conformity with U.S. generally accepted accounting principles and the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550 based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Management Responsibilities**

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, it is management's responsibility to evaluate and monitor noncompliance with federal and state statutes, regulations, and the terms and conditions of federal awards and state projects; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards and state financial assistance received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards and state financial assistance (including notes and noncash assistance received) in conformity with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550. You agree to include our report on the schedule of expenditures of federal awards and state financial assistance in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards and state financial assistance. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards and state financial assistance that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards and state financial assistance in accordance with the Uniform Guidance, the *Florida Single Audit Act* and

Chapter 10.550; (2) you believe the schedule of expenditures of federal awards and state financial assistance, including its form and content, is stated fairly in accordance with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards and state financial assistance.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

#### **Engagement Administration**

We understand that your employees will prepare all cash, accounts receivable, revenue, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the County; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Warren Averett, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to cognizant or oversight agencies, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Warren Averett, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the cognizant agencies, oversight agencies, or pass-through entities. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Angela D. Balent, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2019 peer review accompanies this letter.

#### **Fees**

Our fees for these services will be \$249,941. Our fee for these services will not exceed the fee limitations established in accordance with the auditing contract with Okaloosa County, unless the scope of the engagement is changed, the assistance which the Client has agreed to furnish is not provided, or unexpected conditions are encountered, in which case we will discuss the situation with Management before proceeding. We are currently under contract extension with Okaloosa County, Florida to provide audit services for the year ended September 30, 2021.

#### **Additional Services**

The Client (to include other elected officials of Okaloosa County) may request additional services relating to accounting, auditing and other special projects of Warren Averett, LLC as specified in the original request for proposal. The discounted hourly rates for any additional services requested can be found in Attachment I. |

#### **Billing**

Invoices are issued as work is performed and we will progress bill during the period of August to March. The final 10% of our fee will be invoiced upon delivery of our opinions for inclusion in the Comprehensive Annual Financial Report. Invoices are due upon receipt. In the event that payment is not received within 30 days of the due date, the Client will be assessed interest charges of one percent per month on the unpaid balance. We reserve the right to suspend or terminate our work due to nonpayment. In the event that our work is suspended or terminated as a result of nonpayment, the Client agrees that we will not be responsible for the Client's failure to meet government and other filing deadlines, or for penalties or interest that may be assessed against the Client resulting from the Client's failure to meet such deadlines.

#### **Detection**

This engagement will not include any procedures designed to detect theft or illegal acts that are immaterial to the financial statements and the Client agrees that we will have no responsibility to do so.



### **Employment**

In the event you desire to employ a current employee of Warren Averett, LLC or a previous employee of Warren Averett, LLC whose termination date is within 6 months of the date services were provided to you by us, you agree to consult with us concerning such employment. In addition, if you employ such employee, you agree Warren Averett, LLC has the option to receive a reasonable placement fee from you, in an amount determined by us not exceeding 25% of employee's annual compensation at the time of termination.

### **Liability**

Warren Averett, LLC's maximum liability to the Client for any reason shall be limited to the fees paid by the Client for the services or work product giving rise to the liability except and to the extent finally determined to have resulted from our willful misconduct. Without limiting the foregoing, Warren Averett, LLC's liability under this agreement is limited to the actual and direct damages incurred by the Client arising out of or related to Warren Averett, LLC's performance hereunder. In no event shall Warren Averett, LLC be liable for any incidental, consequential, special, indirect, punitive or third-party damages or claims, including, without limitation, lost profits or revenue, lost savings, lost productivity, loss of data, loss of use of equipment and loss from interruption of business, regardless of whether the form of action is based upon breach of warranty, breach of contract, negligence, strict liability in tort or any other legal theory even if Warren Averett, LLC has been advised about the possibility of such damages.

### **Dispute Resolution**

The parties shall attempt to resolve any dispute arising under this Agreement by participating in mediation. The parties agree to share equally in the costs of such mediation. In the event the parties are unable to resolve the dispute through the mediation process, each party shall be free to pursue any other legal remedies.

### **Invalidation**

In the event that any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this agreement.

### **Disclosure**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

### **Term**

This agreement shall survive the termination of the Client's engagement of Warren Averett, LLC.

### **Amendment**

The terms and conditions of this agreement (i) apply exclusively to the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services") and do not apply to any other services specifically addressed in a separate Terms of Engagement entered into between Warren Averett, LLC and the Client. This agreement replaces and amends all previous Terms of Engagement entered into between Warren Averett, LLC and the Client for the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services"). This agreement does not impose upon Warren Averett, LLC any additional obligations or responsibilities with respect to any other Terms of Engagement entered into between Warren Averett, LLC and the Client.

**Public Records:** Warren Averett, LLC, will

- Keep and maintain public records required by the County to perform the service.
- Upon request from the County's custodian of public records, provide the County with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in chapter 119 Florida Statutes or as otherwise provided by law.
- Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the County. The audit working papers shall remain the property of Warren Averett, LLC.
- Upon completion of the contract, transfer, at no cost, to the County all public records in possession of the contractor or keep and maintain public records required by the County to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon completion of the contract, the contractor shall meet all applicable requirements for retaining the public records. All records stored electronically must be provided to the public agency, upon the request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

**Audit**

The Client shall have the right from time to time at its sole expense to audit the compliance by Warren Averett, LLC with the terms, conditions, obligations, limitations, restrictions and requirements of this Agreement and such right shall extend for a period of three (3) years after termination of this Agreement. If the Client should choose to invoke this provision, the Client shall engage a CPA firm or a CPA, with recent peer review experience specific to governmental entities in Florida, to perform the function.

**Third Party Beneficiaries**

It is specifically agreed between the parties executing this Agreement that is not intended by any of the provisions of any part of the Agreement to create in the public or any member thereof, a third party beneficiary under this Agreement, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms for provisions of this Agreement.

**Governing Law & Venue**

This Agreement shall be interpreted in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws. Venue for any legal proceedings arising out of this Agreement shall be in Okaloosa County, Florida.

**Insurance**

The Client's insurance requirements are contained in Attachment II to this Agreement. Warren Averett, LLC has insurance to meet the requirements.

**IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT OKALOOSA COUNTY RISK MANAGEMENT DEPARTMENT 5479 OLD BETHEL ROAD CRESTVIEW, FL 32536 PHONE: (850) 689-5977**

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

WARREN AVERETT  
BY: Angela D. Balent  
PRINT NAME: Angela D. Balent  
DATE: July 27, 2021

OKALOOSA COUNTY  
BY: Carolyn N. Ketchel  
Okaloosa County Chairman of the Board  
PRINT NAME: Carolyn N. Ketchel  
DATE: AUG 17 2021



OKALOOSA COUNTY  
BY: John Hofstad Digitally signed by John Hofstad  
Date: 2021.07.27 16:40:57 -0500  
Okaloosa County Administrator  
PRINT NAME: John Hofstad  
DATE: July 27, 2021

**ATTACHMENT I**  
**Okaloosa County, Florida**  
**August 20, 2021**

**Hourly Rates for Additional Professional Services**

<b>Partners</b>	<b>\$198</b>
<b>Managers &amp; Specialists</b>	<b>\$168</b>
<b>Supervisory Staff</b>	<b>\$114</b>
<b>Staff</b>	<b>\$103</b>





## Report on the Firm's System of Quality Control

December 31, 2019

To The Partners of Warren Averett LLC and the National Peer Review Committee of the AICPA.

We have reviewed the system of quality control for the accounting and auditing practice of Warren Averett LLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards). A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System review as described in the standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits of employee benefit plans, an audit performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Warren Averett LLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency* or *fail*. Warren Averett LLC has received a peer review rating of *pass*.

*Henderson Hutcherson*  
*& McCullough, PLLC*

## **GENERAL SERVICES INSURANCE REQUIREMENTS**

REVISED: 01/2/2019

### **CONTRACTORS INSURANCE**

1. The Contractor shall not commence any work in connection with this Agreement until he has obtained all required insurance and the certificate of insurance has been approved by the Okaloosa County Risk Manager or designee.
2. All insurance policies shall be with insurers authorized to do business in the State of Florida. Insuring company is required to have a minimum rating of A, Class X in the Best Key Rating Guide published by A.M. Best & Co. Inc.
3. All insurance shall include the interest of all entities named and their respective officials, employees & volunteers of each and all other interests as may be reasonably required by Okaloosa County. The coverage afforded the Additional Insured under this policy shall be primary insurance. If the Additional Insured have other insurance that is applicable to the loss, such other insurance shall be on an excess or contingent basis. The amount of the company's liability under this policy shall not be reduced by the existence of such other insurance.
4. Where applicable the County shall be shown as an Additional Insured with a waiver of Subrogation on the Certificate of Insurance.
5. The County shall retain the right to reject all insurance policies that do not meet the requirement of this Agreement. Further, the County reserves the right to change these insurance requirements with 60-day prior written notice to the Contractor.
6. The County reserves the right at any time to require the Contractor to provide copies (redacted if necessary) of any insurance policies to document the insurance coverage specified in this Agreement.
7. Any subsidiaries used shall also be required to obtain and maintain the same insurance requirements as are being required herein of the Contractor.
8. Any exclusions or provisions in the insurance maintained by the Contractor that excludes coverage for work contemplated in this agreement shall be deemed unacceptable and shall be considered breach of contract.

### **WORKERS' COMPENSATION INSURANCE**

1. The Contractor shall secure and maintain during the life of this Agreement Workers' Compensation insurance for all of his employees employed for the project or any site connected with the work, including supervision, administration or management, of this project and in case any work is sublet, with the approval of the County, the

OKALOOSA COUNTY

Contractor shall require the Subcontractor similarly to provide Workers' Compensation insurance for all employees employed at the site of the project, and such evidence of insurance shall be furnished to the County not less than ten (10) days prior to the commencement of any and all sub-contractual Agreements which have been approved by the County.

2. Contractor must be in compliance with all applicable State and Federal workers' compensation laws, including the U.S. Longshore Harbor Workers' Act or Jones Act, if applicable.
3. No class of employee, including the Contractor himself, shall be excluded from the Workers' Compensation insurance coverage. The Workers' Compensation insurance shall also include Employer's Liability coverage.

### **BUSINESS AUTOMOBILE LIABILITY**

Coverage must be afforded for all Owned, Hired, Scheduled, and Non-Owned vehicles for Bodily Injury and Property Damage in an amount not less than \$1,000,000 combined single limit each accident. If the contractor does not own vehicles, the contractor shall maintain coverage for Hired & Non-Owned Auto Liability, which may be satisfied by way of endorsement to the Commercial General Liability policy or separate Business Auto Policy. Contractor must maintain this insurance coverage throughout the life of this Agreement.

### **COMMERCIAL GENERAL LIABILITY INSURANCE**

1. The Contractor shall carry Commercial General Liability insurance against all claims for Bodily Injury, Property Damage and Personal and Advertising Injury caused by the Contractor.
2. Commercial General Liability coverage shall include the following:
  - 1.) Premises & Operations Liability
  - 2.) Bodily Injury and Property Damage Liability
  - 3.) Independent Contractors Liability
  - 4.) Contractual Liability
  - 5.) Products and Completed Operations Liability
3. Contractor shall agree to keep in continuous force Commercial General Liability coverage for the length of the contract.

## **INSURANCE LIMITS OF LIABILITY**

The insurance required shall be written for not less than the following, or greater if required by law and shall include Employer's liability with limits as prescribed in this contract:

	<u><b>LIMIT</b></u>
1. Workers' Compensation	
1.) State	Statutory
2.) Employer's Liability	\$500,000 each accident
2. Business Automobile	\$1,000,000 each accident (A combined single limit)
3. Commercial General Liability	\$1,000,000 each occurrence for Bodily Injury & Property Damage \$1,000,000 each occurrence Products and completed operations
4. Personal and Advertising Injury	\$1,000,000 each occurrence

## **NOTICE OF CLAIMS OR LITIGATION**

The Contractor agrees to report any incident or claim that results from performance of this Agreement. The County representative shall receive written notice in the form of a detailed written report describing the incident or claim within ten (10) days of the Contractor's knowledge. In the event such incident or claim involves injury and/or property damage to a third party, verbal notification shall be given the same day the Contractor becomes aware of the incident or claim followed by a written detailed report within ten (10) days of verbal notification.

## **INDEMNIFICATION & HOLD HARMLESS**

Contractor shall indemnify and hold harmless the County, its officers and employees from liabilities, damages, losses, and costs including but not limited to reasonable attorney fees, to the extent caused by the negligence, recklessness, or wrongful conduct of the Contractor and other persons employed or utilized by the Contractor in the performance of this contract.

## **CERTIFICATE OF INSURANCE**

1. Certificates of insurance indicating the job site and evidencing all required coverage must be submitted not less than 10 days prior to the commencement of any of the work. The certificate holder(s) shall be as follows: Okaloosa County, 5479A Old Bethel Road, Crestview, Florida, 32536.

OKALOOSA COUNTY



2. The contractor shall provide a Certificate of Insurance to the County with a thirty (30) day prior written notice of cancellation; ten (10 days' prior written notice if cancellation is for nonpayment of premium).
3. In the event that the insurer is unable to accommodate the cancellation notice requirement, it shall be the responsibility of the contractor to provide the proper notice. Such notification shall be in writing by registered mail, return receipt requested, and addressed to the Okaloosa County Purchasing Department at 5479-A Old Bethel Road, Crestview, FL 32536.
4. In the event the contract term goes beyond the expiration date of the insurance policy, the contractor shall provide the County with an updated Certificate of insurance no later than ten (10) days prior to the expiration of the insurance currently in effect. The County reserves the right to suspend the contract until this requirement is met.
5. The certificate shall indicate if coverage is provided under a claims-made or occurrence form. If any coverage is provided on a claims-made form, the certificate will show a retroactive date, which should be the same date of the initial contract or prior.
6. All certificates shall be subject to Okaloosa County's approval of adequacy of protection.
7. All deductibles or SIRs, whether approved by Okaloosa County or not, shall be the Contractor's full responsibility.
8. In no way will the entities listed as Additional Insured be responsible for, pay for, be damaged by, or limited to coverage required by this schedule due to the existence of a deductible or SIR.

## **GENERAL TERMS**

Any type of insurance or increase of limits of liability not described above which, the Contractor required for its own protection or on account of statute shall be its own responsibility and at its own expense.

Any exclusions or provisions in the insurance maintained by the contractor that excludes coverage for work contemplated in this contract shall be deemed unacceptable and shall be considered breach of contract.

The carrying of the insurance described shall in no way be interpreted as relieving the Contractor of any responsibility under this contract.

Should the Contractor engage a subcontractor or sub-subcontractor, the same conditions will apply under this Agreement to each subcontractor and sub-subcontractor.

OKALOOSA COUNTY

The Contractor hereby waives all rights of subrogation against Okaloosa County and its employees under all the foregoing policies of insurance.

**EXCESS/UMBRELLA INSURANCE**

The Contractor shall have the right to meet the liability insurance requirements with the purchase of an EXCESS/UMBRELLA insurance policy. In all instances, the combination of primary and EXCESS/UMBRELLA liability coverage must equal or exceed the minimum liability insurance limits stated in this Agreement.

## CONTRACT, LEASE, AGREEMENT CONTROL FORM

Date: 10/09/2020

Contract/Lease Control #: C16-2429-BCC

Procurement#: RFP BCC 47-16

Contract/Lease Type: AGREEMENT

Award To/Lessee: WARREN AVERETT, LLC

Owner/Lessor: OKALOOSA COUNTY

Effective Date: 08/03/2016

Expiration Date: 09/30/2021

Description of: AUDIT OKALOOSA COUNTY BCC FINANICAL RECORDS

Department: BCC

Department Monitor: HOFSTAD

Monitor's Telephone #: 850-651-7105

Monitor's FAX # or E-mail: JHOFSTAD@MYOKALOOSA.COM

Closed:

Cc: BCC RECORDS

CERTIFICATE OF LIABILITY INSURANCE

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> J Smith Lanier & Co Birmingham 10 Inverness Center Pkwy Suite 400 Birmingham, AL 35242	<b>CONTACT NAME:</b> Stephanie Portera <b>PHONE (A/C, No, Ext):</b> 205-969-2131 <b>FAX (A/C, No):</b> 205-969-1034 <b>E-MAIL ADDRESS:</b> sportera@jsmithlanier.com												
<b>INSURER(S) AFFORDING COVERAGE</b>													
<b>INSURED</b> Warren Averett, LLC and Warren Averett Companies, LLC 2500 Acton Road Birmingham, AL 35243	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="width:80%;">INSURER A : Valley Forge Insurance Company</th> <th style="width:20%;">NAIC #</th> </tr> <tr> <td>INSURER B : American Casualty Co. of Reading PA</td> <td>20508</td> </tr> <tr> <td>INSURER C :</td> <td>20427</td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </table>	INSURER A : Valley Forge Insurance Company	NAIC #	INSURER B : American Casualty Co. of Reading PA	20508	INSURER C :	20427	INSURER D :		INSURER E :		INSURER F :	
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INSURER B : American Casualty Co. of Reading PA	20508												
INSURER C :	20427												
INSURER D :													
INSURER E :													
INSURER F :													


**COVERAGES**                                      **CERTIFICATE NUMBER:**                                      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:		6050207771	06/30/2020	06/30/2021	EACH OCCURRENCE     \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence)     \$1,000,000 MED EXP (Any one person)     \$15,000 PERSONAL & ADV INJURY     \$1,000,000 GENERAL AGGREGATE     \$2,000,000 PRODUCTS - COMP/OP AGG     \$2,000,000 \$
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/>		6050207785	06/30/2020	06/30/2021	COMBINED SINGLE LIMIT (Ea accident)     \$1,000,000 BODILY INJURY (Per person)     \$ BODILY INJURY (Per accident)     \$ PROPERTY DAMAGE (Per accident)     \$ \$ UMBRELLA LIAB     OCCUR     \$ EXCESS LIAB     CLAIMS-MADE     \$ DED     RETENTION \$     \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input checked="" type="checkbox"/> N <input type="checkbox"/> Y/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	6050207799	06/30/2020	06/30/2021	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT     \$1,000,000 E.L. DISEASE - EA EMPLOYEE     \$1,000,000 E.L. DISEASE - POLICY LIMIT     \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
 Okaloosa County and all officers thereof are included as Additional Insured as per written contract with respects to the General Liability policy described above and subject to policy. A waiver of subrogation applies in favor of Okaloosa County w/ workers compensation as required by written contract subject to policy

CONTRACT#: C16-2429-BCC  
 WARREN AVERETT, LLC  
 AUDIT OKALOOSA COUNTY BCC FINANCIAL RECORDS  
 EXPIRES: 09/30/2021

<b>CERTIFICATE HOLDER</b>  Okaloosa County Board of County Commissioners 5479A Old Bethel Road Crestview, FL 32536	<b>CAN</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE 
--	--

**PROCUREMENT/CONTRACT/LEASE  
INTERNAL COORDINATION SHEET**

Procurement/Contract/Lease Number: C16-2429-BCC Tracking Number: 4106-20  
Procurement/Contractor/Lessee Name: Warren Averett Grant Funded: YES \_\_\_ NO X  
Purpose: renewal/amendment  
Date/Term: 9-30-21  
Department #: 0114  
Account #: 532001  
Amount: \$245,040.00  
Department: BCC Dept. Monitor Name: Hofstad

1.  GREATER THAN \$100,000  
2.  GREATER THAN \$50,000  
3.  \$50,000 OR LESS

**Purchasing Review**

Procurement or Contract/Lease requirements are met:  
Ulita Moom Date: 8-20-2020  
Purchasing Manager or designee Jeff Hyde, DeRita Mason, Jessica Darr, Angela Etheridge

**2CFR Compliance Review (if required)**

Approved as written: no federal funds Grant Name: \_\_\_\_\_  
\_\_\_\_\_ Date: \_\_\_\_\_  
Grants Coordinator Danielle Garcia

**Risk Management Review**

Approved as written: see email attached Date: 8-20-2020  
\_\_\_\_\_ Edith Gibson or Karen Donaldson  
Risk Manager or designee

**County Attorney Review**

Approved as written: no email attached Date: 8-29-2020  
\_\_\_\_\_ Lynn Hoshihara, Kerry Parsons or Designee  
County Attorney

**IT Review (if applicable)**

Approved as written: \_\_\_\_\_ Date: \_\_\_\_\_

## DeRita Mason

---

**From:** Lisa Price  
**Sent:** Thursday, August 20, 2020 3:36 PM  
**To:** DeRita Mason  
**Subject:** RE: Audit Engagement Letter

Approved for insurance purposes.

Thank you!

Lisa Price  
Public Records & Contracts Specialist  
302 N Wilson Street, Suite 301  
Crestview, FL. 32536  
(850) 689-5979  
[lprice@myokaloosa.com](mailto:lprice@myokaloosa.com)



*Due to Florida's very broad public records laws, most written communications to or from county employees regarding county business are public records, available to the public and media upon request. Therefore, this written e-mail communication, including your e-mail address, may be subject to public disclosure.*

---

**From:** DeRita Mason <[dmason@myokaloosa.com](mailto:dmason@myokaloosa.com)>  
**Sent:** Thursday, August 20, 2020 1:04 PM  
**To:** Lynn Hoshihara <[lhoshihara@myokaloosa.com](mailto:lhoshihara@myokaloosa.com)>  
**Cc:** 'Parsons, Kerry' <[KParsons@ngn-tally.com](mailto:KParsons@ngn-tally.com)>; Lisa Price <[lprice@myokaloosa.com](mailto:lprice@myokaloosa.com)>  
**Subject:** FW: Audit Engagement Letter

Please review and approve.

I have already reached out to them regarding the address for Risk Management.

Thank you,

DeRita Mason





## DeRita Mason

---

**From:** Parsons, Kerry <KParsons@ngn-tally.com>  
**Sent:** Saturday, August 29, 2020 3:03 PM  
**To:** DeRita Mason  
**Cc:** Lisa Price; Lynn Hoshihara  
**Subject:** RE: Audit Engagement Letter

This is approved for legal purposes.

**Kerry A. Parsons, Esq.**

**Nabors  
Giblin &  
Nickerson**  
ATTORNEYS AT LAW

1500 Mahan Dr. Ste. 200  
Tallahassee, FL 32308  
T. (850) 224-4070  
[Kparsons@ngn-tally.com](mailto:Kparsons@ngn-tally.com)

*The information contained in this e-mail message is intended for the personal and confidential use of the recipient(s) named above. This message and its attachments may be an attorney-client communication and, as such, is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone or e-mail and delete the original message. Thank you!*

---

**From:** DeRita Mason <dmason@myokaloosa.com>  
**Sent:** Thursday, August 20, 2020 2:04 PM  
**To:** Lynn Hoshihara <lhoshihara@myokaloosa.com>  
**Cc:** Parsons, Kerry <KParsons@ngn-tally.com>; Lisa Price <lprice@myokaloosa.com>  
**Subject:** FW: Audit Engagement Letter

Please review and approve.

I have already reached out to them regarding the address for Risk Management.

Thank you,

DeRita Mason



DeRita Mason  
Contracts and Lease Coordinator  
Okaloosa County Purchasing Department



CONTRACT#: C16-2429-BCC  
WARREN AVERETT, LLC  
AUDIT OKALOOSA COUNTY BCC  
FINANICAL RECORDS  
EXPIRES: 09/30/2021

**TERMS OF ENGAGEMENT**  
AUGUST 20, 2020

Warren Averett, LLC is pleased to confirm our understanding of the services we are to provide for the Board of County Commissioners of Okaloosa County, Florida (the "Client") and any of its affiliated entities. This agreement confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

**Services Provided**

We are pleased to confirm our understanding of the services we are to provide the Client for the year ended September 30, 2020. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Client as of and for the year ended September 30, 2020. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Client's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Client's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Changes in Total OPEB Liability and Related Ratios
- 3) Schedule of Proportionate Share of Net Pension Liability for the Florida Retirement System and Health Insurance Subsidy
- 4) Schedule of Contributions for the Florida Retirement System and Health Insurance Subsidy

In addition to the basic financial statements noted above, and as required by Florida Auditor General, we will audit the special purpose financial statements of the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections. We will perform the audit of Okaloosa County, Florida as of September 30, 2020 so as to satisfy the audit requirements imposed by the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the *Florida Single Audit Act* and Chapter 10.550, Rules of the Auditor General.

We have also been engaged to report on supplementary information other than RSI that accompanies the Client's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:



- 1) Schedule of Expenditures of Federal Awards and/or State Financial Assistance (as applicable)
- 2) Schedule of Expenditures of Passenger Facility Charges
- 3) Combining and Individual Fund Statements and Schedules

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section
- 2) Statistical Schedules

We will examine the compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*, of the Board of County Commissioners of Okaloosa County, Florida, as of September 30, 2020. Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include tests of your records and other procedures we consider necessary to enable us to express an opinion as to whether the Board of County Commissioners of Okaloosa County, Florida, complied, in all material respects, with Chapter 10.550, *Rules of the Auditor General*. If, for any reason, we are unable to complete the examination, we will not issue a report as a result of this engagement. Our examination engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, fraud, or other violations of laws or regulations, that may exist. However, we will inform you of any material errors or fraud that comes to our attention. We will also inform you of any other violations of laws or regulations that come to our attention, unless clearly inconsequential.

#### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the *Florida Single Audit Act* and Chapter 10.550, *Rules of the Auditor General*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance and *Florida Single Audit Act* report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, *Florida Single Audit Act* and Chapter 10.550 *Rules of the Auditor General*. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Act Amendments of 1996; and the provisions of the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, Rules of the Florida Auditor General, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, and other procedures we consider necessary to enable us to express such opinions.

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to Members of the Board of County Commissioners and Other Elected Officials of Okaloosa County. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

**Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures - Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550.

#### **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Client's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550 require that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal and state statutes, regulations, and the terms and conditions of federal and state awards applicable to major programs and projects. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* and the *Florida Department of Financial Services' State Projects Compliance Supplements* for the types of compliance requirements that could have a direct and material effect on each of the Client's major programs and projects. The purpose of these procedures will be to express an opinion on the Client's compliance with requirements applicable to each of its major programs and projects in our report on compliance issued pursuant to the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, *Rules of the Auditor General*.

#### **Other Services**

We will also assist in preparing the financial statements, schedule of expenditures of federal awards and state projects, and related notes of the Client in conformity with U.S. generally accepted accounting principles and the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550 based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Management Responsibilities**

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, it is management's responsibility to evaluate and monitor noncompliance with federal and state statutes, regulations, and the terms and conditions of federal awards and state projects; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards and state financial assistance received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards and state financial assistance (including notes and noncash assistance received) in conformity with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550. You agree to include our report on the schedule of expenditures of federal awards and state financial assistance in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards and state financial assistance. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards and state financial assistance that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards and state financial assistance in accordance with the Uniform Guidance, the *Florida Single Audit Act* and

Chapter 10.550; (2) you believe the schedule of expenditures of federal awards and state financial assistance, including its form and content, is stated fairly in accordance with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards and state financial assistance.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

#### **Engagement Administration**

We understand that your employees will prepare all cash, accounts receivable, revenue, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the County; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Warren Averett, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to cognizant or oversight agencies, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Warren Averett, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the cognizant agencies, oversight agencies, or pass-through entities. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Angela D. Balent, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2019 peer review accompanies this letter.

#### **Fees**

Our fee for these services will not exceed the fee limitations established in accordance with the auditing contract with Okaloosa County, (which can be found in Attachment I) unless the scope of the engagement is changed, the assistance which the Client has agreed to furnish is not provided, or unexpected conditions are encountered, in which case we will discuss the situation with Management before proceeding. We are currently under contract extension with Okaloosa County, Florida to provide audit services for the years ended September 30, 2020 and 2021. Annual engagement letters will be issued to ensure compliance with auditing standards in effect at the time the services are provided.

#### **Additional Services**

The Client (to include other elected officials of Okaloosa County) may request additional services relating to accounting, auditing and other special projects of Warren Averett, LLC as specified in the original request for proposal. The discounted hourly rates for any additional services requested can be found in Attachment I. |

#### **Billing**

Invoices are issued as work is performed and we will progress bill during the period of August to March. The final 10% of our fee will be invoiced upon delivery of our opinions for inclusion in the Comprehensive Annual Financial Report. Invoices are due upon receipt. In the event that payment is not received within 30 days of the due date, the Client will be assessed interest charges of one percent per month on the unpaid balance. We reserve the right to suspend or terminate our work due to nonpayment. In the event that our work is suspended or terminated as a result of nonpayment, the Client agrees that we will not be responsible for the Client's failure to meet government and other filing deadlines, or for penalties or interest that may be assessed against the Client resulting from the Client's failure to meet such deadlines.

#### **Detection**

This engagement will not include any procedures designed to detect theft or illegal acts that are immaterial to the financial statements and the Client agrees that we will have no responsibility to do so.

### **Employment**

In the event you desire to employ a current employee of Warren Averett, LLC or a previous employee of Warren Averett, LLC whose termination date is within 6 months of the date services were provided to you by us, you agree to consult with us concerning such employment. In addition, if you employ such employee, you agree Warren Averett, LLC has the option to receive a reasonable placement fee from you, in an amount determined by us not exceeding 25% of employee's annual compensation at the time of termination.

### **Liability**

Warren Averett, LLC's maximum liability to the Client for any reason shall be limited to the fees paid by the Client for the services or work product giving rise to the liability except and to the extent finally determined to have resulted from our willful misconduct. Without limiting the foregoing, Warren Averett, LLC's liability under this agreement is limited to the actual and direct damages incurred by the Client arising out of or related to Warren Averett, LLC's performance hereunder. In no event shall Warren Averett, LLC be liable for any incidental, consequential, special, indirect, punitive or third-party damages or claims, including, without limitation, lost profits or revenue, lost savings, lost productivity, loss of data, loss of use of equipment and loss from interruption of business, regardless of whether the form of action is based upon breach of warranty, breach of contract, negligence, strict liability in tort or any other legal theory even if Warren Averett, LLC has been advised about the possibility of such damages.

### **Dispute Resolution**

The parties shall attempt to resolve any dispute arising under this Agreement by participating in mediation. The parties agree to share equally in the costs of such mediation. In the event the parties are unable to resolve the dispute through the mediation process, each party shall be free to pursue any other legal remedies.

### **Invalidation**

In the event that any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this agreement.

### **Disclosure**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

### **Term**

This agreement shall survive the termination of the Client's engagement of Warren Averett, LLC.

### **Amendment**

The terms and conditions of this agreement (i) apply exclusively to the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services") and do not apply to any other services specifically addressed in a separate Terms of Engagement entered into between Warren Averett, LLC and the Client. This agreement replaces and amends all previous Terms of Engagement entered into between Warren Averett, LLC and the Client for the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services"). This agreement does not impose upon Warren Averett, LLC any additional obligations or responsibilities with respect to any other Terms of Engagement entered into between Warren Averett, LLC and the Client.

**Public Records:** Warren Averett, LLC, will

- Keep and maintain public records required by the County to perform the service.
- Upon request from the County's custodian of public records, provide the County with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in chapter 119 Florida Statutes or as otherwise provided by law.
- Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the County. The audit working papers shall remain the property of Warren Averett, LLC.
- Upon completion of the contract, transfer, at no cost, to the County all public records in possession of the contractor or keep and maintain public records required by the County to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon completion of the contract, the contractor shall meet all applicable requirements for retaining the public records. All records stored electronically must be provided to the public agency, upon the request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

**Audit**

The Client shall have the right from time to time at its sole expense to audit the compliance by Warren Averett, LLC with the terms, conditions, obligations, limitations, restrictions and requirements of this Agreement and such right shall extend for a period of three (3) years after termination of this Agreement. If the Client should choose to invoke this provision, the Client shall engage a CPA firm or a CPA, with recent peer review experience specific to governmental entities in Florida, to perform the function.

**Third Party Beneficiaries**

It is specifically agreed between the parties executing this Agreement that is not intended by any of the provisions of any part of the Agreement to create in the public or any member thereof, a third party beneficiary under this Agreement, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms for provisions of this Agreement.

**Governing Law & Venue**

This Agreement shall be interpreted in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws. Venue for any legal proceedings arising out of this Agreement shall be in Okaloosa County, Florida.

**Insurance**

The Client's insurance requirements are contained in Attachment II to this Agreement. Warren Averett, LLC has insurance to meet the requirements.

**IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT OKALOOSA COUNTY RISK MANAGEMENT DEPARTMENT 5479 OLD BETHEL ROAD CRESTVIEW, FL 32536 PHONE: (850) 689-5977**



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

WARREN AVERETT  
BY: *Angela D. Badank, CPA*  
PRINT NAME: *Angela D. Badank, CPA*  
DATE: *8-20-2020*

OKALOOSA COUNTY  
BY: *[Signature]*  
Okaloosa County Chairman of the Board  
PRINT NAME: *Robert A. "Trey" Goodwin III*  
DATE: October 6, 2020

OKALOOSA COUNTY  
BY: *John Hofstad*  
John Hofstad (Oct 8, 2020 16:13 CDT)  
Okaloosa County Administrator  
PRINT NAME: *John Hofstad*  
DATE: Oct 8, 2020

**ATTACHMENT I**  
**Okaloosa County, Florida**  
**August 20, 2020**

**Audit Fees**

<b>FY 2020</b>	<b>\$245,040</b>
<b>FY 2021</b>	<b>\$249,941</b>

**Hourly Rates for Additional Professional Services**

<b>Partners</b>	<b>\$198</b>
<b>Managers &amp; Specialists</b>	<b>\$168</b>
<b>Supervisory Staff</b>	<b>\$114</b>
<b>Staff</b>	<b>\$103</b>



CERTIFIED PUBLIC ACCOUNTANTS  
CHATTANOOGA | MEMPHIS

## Report on the Firm's System of Quality Control

December 31, 2019

To The Partners of Warren Averett LLC and the National Peer Review Committee of the AICPA.

We have reviewed the system of quality control for the accounting and auditing practice of Warren Averett LLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards). A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System review as described in the standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits of employee benefit plans, an audit performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Warren Averett LLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency* or *fail*. Warren Averett LLC has received a peer review rating of *pass*.

Henderson Hutcherson  
& McCullough, PLLC

1200 Market Street, Chattanooga, TN 37408 | T 423.756.7771 | F 423.265.8125

AN INDEPENDENT MEMBER OF THE BDO ALLIANCE USA

Packet Pg. 367

**GENERAL SERVICES INSURANCE REQUIREMENTS**

REVISED: 01/2/2019

**CONTRACTORS INSURANCE**

1. The Contractor shall not commence any work in connection with this Agreement until he has obtained all required insurance and the certificate of insurance has been approved by the Okaloosa County Risk Manager or designee.
2. All insurance policies shall be with insurers authorized to do business in the State of Florida. Insuring company is required to have a minimum rating of A, Class X in the Best Key Rating Guide published by A.M. Best & Co. Inc.
3. All insurance shall include the interest of all entities named and their respective officials, employees & volunteers of each and all other interests as may be reasonably required by Okaloosa County. The coverage afforded the Additional Insured under this policy shall be primary insurance. If the Additional Insured have other insurance that is applicable to the loss, such other insurance shall be on an excess or contingent basis. The amount of the company's liability under this policy shall not be reduced by the existence of such other insurance.
4. Where applicable the County shall be shown as an Additional Insured with a waiver of Subrogation on the Certificate of Insurance.
5. The County shall retain the right to reject all insurance policies that do not meet the requirement of this Agreement. Further, the County reserves the right to change these insurance requirements with 60-day prior written notice to the Contractor.
6. The County reserves the right at any time to require the Contractor to provide copies (redacted if necessary) of any insurance policies to document the insurance coverage specified in this Agreement.
7. Any subsidiaries used shall also be required to obtain and maintain the same insurance requirements as are being required herein of the Contractor.
8. Any exclusions or provisions in the insurance maintained by the Contractor that excludes coverage for work contemplated in this agreement shall be deemed unacceptable and shall be considered breach of contract.

**WORKERS' COMPENSATION INSURANCE**

1. The Contractor shall secure and maintain during the life of this Agreement Workers' Compensation insurance for all of his employees employed for the project or any site connected with the work, including supervision, administration or management, of this project and in case any work is sublet, with the approval of the County, the

OKALOOSA COUNTY

Contractor shall require the Subcontractor similarly to provide Workers' Compensation insurance for all employees employed at the site of the project, and such evidence of insurance shall be furnished to the County not less than ten (10) days prior to the commencement of any and all sub-contractual Agreements which have been approved by the County.

2. Contractor must be in compliance with all applicable State and Federal workers' compensation laws, including the U.S. Longshore Harbor Workers' Act or Jones Act, if applicable.
3. No class of employee, including the Contractor himself, shall be excluded from the Workers' Compensation insurance coverage. The Workers' Compensation insurance shall also include Employer's Liability coverage.

### **BUSINESS AUTOMOBILE LIABILITY**

Coverage must be afforded for all Owned, Hired, Scheduled, and Non-Owned vehicles for Bodily Injury and Property Damage in an amount not less than \$1,000,000 combined single limit each accident. If the contractor does not own vehicles, the contractor shall maintain coverage for Hired & Non-Owned Auto Liability, which may be satisfied by way of endorsement to the Commercial General Liability policy or separate Business Auto Policy. Contractor must maintain this insurance coverage throughout the life of this Agreement.

### **COMMERCIAL GENERAL LIABILITY INSURANCE**

1. The Contractor shall carry Commercial General Liability insurance against all claims for Bodily Injury, Property Damage and Personal and Advertising Injury caused by the Contractor.
2. Commercial General Liability coverage shall include the following:
  - 1.) Premises & Operations Liability
  - 2.) Bodily Injury and Property Damage Liability
  - 3.) Independent Contractors Liability
  - 4.) Contractual Liability
  - 5.) Products and Completed Operations Liability
3. Contractor shall agree to keep in continuous force Commercial General Liability coverage for the length of the contract.

**INSURANCE LIMITS OF LIABILITY**

The insurance required shall be written for not less than the following, or greater if required by law and shall include Employer's liability with limits as prescribed in this contract:

	<u>LIMIT</u>
1. Workers' Compensation	
1.) State	Statutory
2.) Employer's Liability	\$500,000 each accident
2. Business Automobile	\$1,000,000 each accident (A combined single limit)
3. Commercial General Liability	\$1,000,000 each occurrence for Bodily Injury & Property Damage \$1,000,000 each occurrence Products and completed operations
4. Personal and Advertising Injury	\$1,000,000 each occurrence

**NOTICE OF CLAIMS OR LITIGATION**

The Contractor agrees to report any incident or claim that results from performance of this Agreement. The County representative shall receive written notice in the form of a detailed written report describing the incident or claim within ten (10) days of the Contractor's knowledge. In the event such incident or claim involves injury and/or property damage to a third party, verbal notification shall be given the same day the Contractor becomes aware of the incident or claim followed by a written detailed report within ten (10) days of verbal notification.

**INDEMNIFICATION & HOLD HARMLESS**

Contractor shall indemnify and hold harmless the County, its officers and employees from liabilities, damages, losses, and costs including but not limited to reasonable attorney fees, to the extent caused by the negligence, recklessness, or wrongful conduct of the Contractor and other persons employed or utilized by the Contractor in the performance of this contract.

**CERTIFICATE OF INSURANCE**

1. Certificates of insurance indicating the job site and evidencing all required coverage must be submitted not less than 10 days prior to the commencement of any of the work. The certificate holder(s) shall be as follows: Okaloosa County, 5479A Old Bethel Road, Crestview, Florida, 32536.

OKALOOSA COUNTY

2. The contractor shall provide a Certificate of Insurance to the County with a thirty (30) day prior written notice of cancellation; ten (10 days' prior written notice if cancellation is for nonpayment of premium).
3. In the event that the insurer is unable to accommodate the cancellation notice requirement, it shall be the responsibility of the contractor to provide the proper notice. Such notification shall be in writing by registered mail, return receipt requested, and addressed to the Okaloosa County Purchasing Department at 5479-A Old Bethel Road, Crestview, FL 32536.
4. In the event the contract term goes beyond the expiration date of the insurance policy, the contractor shall provide the County with an updated Certificate of insurance no later than ten (10) days prior to the expiration of the insurance currently in effect. The County reserves the right to suspend the contract until this requirement is met.
5. The certificate shall indicate if coverage is provided under a claims-made or occurrence form. If any coverage is provided on a claims-made form, the certificate will show a retroactive date, which should be the same date of the initial contract or prior.
6. All certificates shall be subject to Okaloosa County's approval of adequacy of protection.
7. All deductibles or SIRs, whether approved by Okaloosa County or not, shall be the Contractor's full responsibility.
8. In no way will the entities listed as Additional Insured be responsible for, pay for, be damaged by, or limited to coverage required by this schedule due to the existence of a deductible or SIR.

## **GENERAL TERMS**

Any type of insurance or increase of limits of liability not described above which, the Contractor required for its own protection or on account of statute shall be its own responsibility and at its own expense.

Any exclusions or provisions in the insurance maintained by the contractor that excludes coverage for work contemplated in this contract shall be deemed unacceptable and shall be considered breach of contract.

The carrying of the insurance described shall in no way be interpreted as relieving the Contractor of any responsibility under this contract.

Should the Contractor engage a subcontractor or sub-subcontractor, the same conditions will apply under this Agreement to each subcontractor and sub-subcontractor.

OKALOOSA COUNTY

The Contractor hereby waives all rights of subrogation against Okaloosa County and its employees under all the foregoing policies of insurance.

**EXCESS/UMBRELLA INSURANCE**

The Contractor shall have the right to meet the liability insurance requirements with the purchase of an EXCESS/UMBRELLA insurance policy. In all instances, the combination of *primary* and EXCESS/UMBRELLA liability coverage must equal or exceed the minimum liability insurance limits stated in this Agreement.



## CONTRACT, LEASE, AGREEMENT CONTROL FORM

Date: 09/11/2019

Contract/Lease Control #: C16-2429-BCC

Procurement#: RFP BCC 47-16

Contract/Lease Type: AGREEMENT

Award To/Lessee: WARREN AVERETT, LLC.

Owner/Lessor: OKALOOSA COUNTY

Effective Date: 08/03/2016

Expiration Date: 09/30/2020 w/1 – 1 YEAR RENEWAL

Description of Contract/Lease: AUDIT OKALOOSA COUNTY BCC FINANCIAL RECORDS

Department: BCC

Department Monitor: HOFSTAD

Monitor's Telephone #: 850-689-7515

Monitor's FAX # or E-mail: JHOFSTAD@MYOKALOOSA.COM

Closed:

Cc: Finance Department Contracts & Grants Office



**TERMS OF ENGAGEMENT**  
JULY 15, 2020

Warren Averett, LLC is pleased to confirm our understanding of the services we are to provide for Okaloosa County, Florida (the "Client"). This agreement confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

**Services Provided**

We will apply the agreed-upon procedures listed in the attached schedule that were specified and agreed to by the Federal Transit Administration (FTA) and the Client [the "Specified Parties"] to assist the Client and the FTA in determining conformance with the FTA's National Transit Database (NTD) Uniform System of Accounts (USOA) requirements based on the following assertion by the Client's management:

- The accounting system from the NTD reports for the year ended September 30, 2020, were derived, uses the accrual basis of accounting and is directly translated, using a clear audit trail, to the accounting treatment and categories specified by the USOA (the "Assertion").

Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures performed or to be performed is solely the responsibility of the Specified Parties and we will require an acknowledgment in writing of that responsibility. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

Because the agreed-upon procedures listed in the attached schedule do not constitute an examination or review, we will not express an opinion or conclusion on the Assertion. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. Our report will be addressed to the Client and the Specified Parties. If, for any reason, we are unable to complete any of the procedures, we will describe in our report any restrictions on the performance of the procedures, or not issue a report and withdraw from this engagement. If circumstances occur relating to the condition of your records, the availability of evidence, or the existence of a significant risk of material misstatement of the subject matter caused by error or fraud, which in our professional judgment prevent us from completing the engagement or reporting findings on the subject matter or assertion, we retain the right to take any course of action permitted by professional standards, including declining to report findings or issue a report, or withdrawing from the engagement. You understand that the report is intended solely for the information and use of the Specified Parties, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The attest documentation for this engagement is the property of Warren Averett, LLC and constitutes confidential information. However, we may be requested to make certain attest documentation available to the FTA pursuant to authority given to it by law or regulation. If requested, access to such attest documentation will be provided under the supervision of Warren Averett, LLC's personnel. Furthermore, upon request, we may provide copies of selected attest documentation to the FTA. The FTA may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

An agreed-upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulations; however, we will communicate to you any known and

suspected fraud and noncompliance with laws or regulations affecting the Assertion that come to our attention. In addition, if, in connection with this engagement, matters come to our attention that contradict the Assertion, we will disclose those matters in our report.

You are responsible for the Assertion and that it is in accordance with conformance with USOA requirements and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for your purposes. You are also responsible for, and agree to provide us with, a written assertion about the Assertion. In addition, you are responsible for providing us with (1) access to all information of which you are aware that is relevant to the performance of the agreed-upon procedures on the subject matter, (2) additional information that we may request for the purpose of performing the agreed-upon procedures, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence relating to performing those procedures.

#### **Engagement Administration**

Angela D. Balent, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We plan to begin our procedures in early January 2021 and, unless unforeseeable problems are encountered, the engagement should be completed by January 31, 2021.

At the conclusion of our engagement, we will require certain written representations in the form of a representation letter from management that, among other things, will confirm management's responsibility for the Assertion in accordance with the FTA's NTD USOA requirements.

#### **Fees**

Our fees for these services be billed at the contracted rates stated in Attachment I of our financial statement engagement letter (contract # C16-2429-BCC). The fees for these services will not exceed \$10,000 without express written permission from BCC management.

#### **Billing**

Invoices are issued as work is performed. Invoices are due upon receipt. In the event that payment is not received within 30 days of the due date, the Client will be assessed interest charges of one percent per month on the unpaid balance. We reserve the right to suspend or terminate our work due to nonpayment. In the event that our work is suspended or terminated as a result of nonpayment, the Client agrees that we will not be responsible for the Client's failure to meet government and other filing deadlines, or for penalties or interest that may be assessed against the Client resulting from the Client's failure to meet such deadlines.

#### **Detection**

This engagement will not include any procedures designed to detect theft or illegal acts that are immaterial to the financial statements and the Client agrees that we will have no responsibility to do so.

#### **Employment**

In the event you desire to employ a current employee of Warren Averett, LLC or a previous employee of Warren Averett, LLC whose termination date is within 6 months of the date services were provided to you by us, you agree to consult with us concerning such employment. In addition, if you employ such employee, you agree Warren Averett, LLC has the option to receive a reasonable placement fee from you, in an amount determined by us not exceeding 25% of employee's annual compensation at the time of termination.

#### **Liability**

Warren Averett, LLC's maximum liability to the Client for any reason shall be limited to the fees paid by the Client for the services or work product giving rise to the liability except and to the extent finally determined to have resulted from our willful misconduct. Without limiting the foregoing, Warren Averett, LLC's liability under this agreement is limited to the actual and direct damages incurred by the Client arising out of or related to Warren Averett, LLC's performance hereunder. In no event shall Warren Averett, LLC be liable for any incidental, consequential, special, indirect, punitive or third-party damages or claims, including, without limitation, lost profits or revenue, lost savings, lost productivity, loss of data, loss of use of equipment and loss from interruption of business, regardless of whether the form of action is based upon breach of warranty, breach of contract, negligence, strict liability in tort or any other legal theory even if Warren Averett, LLC has been advised about the possibility of such damages.

**Dispute Resolution**

The parties shall attempt to resolve any dispute arising under this Agreement by participating in mediation. The parties agree to share equally in the costs of such mediation. In the event the parties are unable to resolve the dispute through the mediation process, each party shall be free to pursue any other legal remedies.

**Invalidation**

In the event that any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this agreement.

**Disclosure**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

**Term**

This agreement shall survive the termination of the Client's engagement of Warren Averett, LLC.

**Amendment**

The terms and conditions of this agreement (i) apply exclusively to the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services") and do not apply to any other services specifically addressed in a separate Terms of Engagement entered into between Warren Averett, LLC and the Client. This agreement replaces and amends all previous Terms of Engagement entered into between Warren Averett, LLC and the Client for the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services"). This agreement does not impose upon Warren Averett, LLC any additional obligations or responsibilities with respect to any other Terms of Engagement entered into between Warren Averett, LLC and the Client.

**Public Records: Warren Averett, LLC, will**

- Keep and maintain public records required by the County to perform the service.
- Upon request from the County's custodian of public records, provide the County with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in chapter 119 Florida Statutes or as otherwise provided by law.
- Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the County. The audit working papers shall remain the property of Warren Averett, LLC.
- Upon completion of the contract, transfer, at no cost, to the County all public records in possession of the contractor or keep and maintain public records required by the County to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon completion of the contract, the contractor shall meet all applicable requirements for retaining the public records. All records stored electronically must be provided to the public agency, upon the request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

**Audit**

The Client shall have the right from time to time at its sole expense to audit the compliance by Warren Averett, LLC with the terms, conditions, obligations, limitations, restrictions and requirements of this Agreement and such right shall extend for a period of three (3) years after termination of this Agreement. If the Client should choose to invoke this provision, the Client shall engage a CPA firm or a CPA, with recent peer review experience specific to governmental entities in Florida, to perform the function.

**Third Party Beneficiaries**

It is specifically agreed between the parties executing this Agreement that is not intended by any of the provisions of any part of the Agreement to create in the public or any member thereof, a third party beneficiary under this Agreement, or to authorize anyone not a party is this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms for provisions of this Agreement.

**Governing Law & Venue**

This Agreement shall be interpreted in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws. Venue for any legal proceedings arising out of this Agreement shall be in Okaloosa County, Florida.

**Insurance**

The Client's insurance requirements are found in our Contract C16-2429-BCC. Warren Averett, LLC has the insurance to meet those requirements.

**IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT OKALOOSA COUNTY RISK MANAGEMENT DEPARTMENT 5479 OLD BETHEL ROAD CRESTVIEW, FL 32536 PHONE: (850) 689-5977**

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

WARREN AVERETT

BY: Angela D. Balent

PRINT NAME: Angela D. Balent

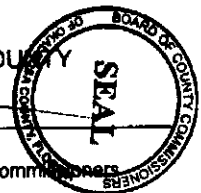
DATE: July 15, 2020

OKALOOSA COUNTY

BY: [Signature]  
Robert A. "Trey" Goodwin III  
Chairman, Board of County Commissioners

PRINT NAME: \_\_\_\_\_

DATE: August 4, 2020



**Okaloosa County, Florida  
Financial Data Review  
Agreed Upon Procedures  
Year Ended September 30, 2020**

**Exhibit I**

The agreed upon procedures are as follows:

**1. Procedure: NTD Crosswalk**

- a. We will obtain the following NTD Reporting Forms prepared by management for the year ended September 30, 2020:
  - NTD Form F-10, Sources of Funds – Funds Expended and Funds Earned (USOA Section 2)
  - NTD Form F-20, Uses of Capital (USOA Section 3)
  - NTD Form F-30, Operating Expenses (USOA Section 4, 5, and 6 and Appendix A)
  - NTD Form F-40, Operating Expenses Summary
  - NTD Form F-60, Financial Statement
- b. We will obtain the reconciliation documentation management prepares (referred to as the “the crosswalk” throughout this report) to reconcile the chart of accounts, general ledger, and/or trial balance and other supporting documentation such as Excel spreadsheets (collectively referred to as the accounting system) to the respective NTD Reporting Forms identified above.
- c. We will inquire of management as to whether the crosswalk obtained in procedure 1.b is supported by the accounting system.
- d. For a transit agency that is part of a larger reporting entity, we will inquire of management as to whether the crosswalk includes the full cost of providing transit service, including costs incurred by the larger reporting entity to specifically support the agency’s transit service.
- e. We will inspect the crosswalk to determine that it incorporates NTD reporting using the applicable modes and types of service identified in the bulleted list below:
  - Sources of Funds, Form F-10 – Funding sources, passenger fares by mode and service type, passenger fares by passenger paid or by organization paid fares, revenue object class, and funds expended on operations and capital fund types
  - Uses of Capital, Form F-20 - Type of use, asset classifications, and modes and service types
  - Operating Expenses, Form F-30 - Modes, service types, object classes and functions

**Okaloosa County, Florida  
Financial Data Review AUPs  
Exhibit I (continued)**

- Operating Expenses Summary, Form F-40 - Expense reconciling items
- Financial Statement, Form F-60 - Current assets, non-current assets, deferred outflows of resources, current liabilities, non-current liabilities, and deferred inflows of resources.

**2. Procedure: Accrual Accounting**

- a. We will obtain the most recent audited financial statements that include the transit agency and inspect the notes to the financial statements to determine whether the accrual basis of accounting was used.
- b. We will inquire of management as to whether the accrual basis of accounting has continued to be used since the last audited reporting period and that it is used for NTD reporting in the current period.
- c. If the notes to the financial statements indicate that an accrual basis of accounting is not being used, or the results of the inquiry to management in procedure 2.b indicate the accrual basis of accounting is not being used in the current period, we will inspect the crosswalk to determine that the transit agency made adjustments to convert to an accrual basis for NTD reporting.

**3. Procedure: Sources of Funds (Form F-10)**

- a. We will trace and agree total sources of funds from Form F-10 to revenue reported in the accounting system using the crosswalk.
- b. We will inspect the crosswalk for a written reconciliation between total revenues reported in the audited financial statements or the accounting system and the total revenues reported on Form F-10.
- c. We will trace and agree the two largest directly generated fund passenger fare revenue modes (all service types) from Form F-10 to the accounting system.
- d. We will trace and agree the largest revenue object class (other than passenger fares) in the following major categories of funds from Form F-10 to the accounting system: (1) Local Government; (2) State Government; (3) Federal Funds; and (4) Other Directly Generated Funds (i.e., 4100 and 4200 combined).
- e. We will inspect the crosswalk to determine that it identifies, evaluates, and classifies financial transactions into categories of funds expended on operations and funds expended on capital (USOA Section 2) for the reporting year.

**Okaloosa County, Florida  
Financial Data Review AUPs  
Exhibit I (continued)**

**4. Procedure: Uses of Capital (Form F-20)**

- a. We will obtain accounting system documentation on capital asset additions for the reporting period.
- b. We will trace and agree total uses of capital from Form F-20 to the crosswalk reconciliation of total capital asset additions.
- c. We will trace and agree types of use (existing service and expansion of service) from Form F-20 to the crosswalk or other supporting documentation reflecting the nature of the uses of capital.
- d. We will trace and agree asset classifications (guideway, revenue vehicles, etc.) from Form F-20 to the crosswalk or other documentation reflecting the assets classes of capital additions.
- e. For the largest mode/service type, we will trace and agree the type of use classification and asset classification from Form F-20 to the crosswalk or other documentation reflecting the uses of capital.
- f. If capital projects support multiple modes/types of services or and/or asset classifications, we will inquire of management as to whether management reported the use of capital considering the predominant use rules as described in the "Predominant Use" section of the 2020 NTD Policy Manual.
- g. If capital projects involve: 1) Rehabilitation / Reconstruction / Replacement / Improvement for Existing Service; and 2) Expansion of Service; we will inquire of management as to whether project costs were allocated between the two project purposes and whether such allocation was documented in the crosswalk or other supporting documentation.

**5. Procedure: Operating Expenses (Form F-30)**

- a. For the two largest modes/type of services, we will trace and agree functions (vehicle operations, vehicle maintenance, etc.) from Form F-30 to the crosswalk or other written documentation of functional expenses.
- b. For the two largest modes/type of services, we will trace and agree object classes (natural expenses) from Form F-30 to the crosswalk or other written documentation of object class categories.
- c. If management allocated shared operating expenses, we will inquire of management as to whether (1) the operating expenses are split between direct and shared costs; (2) shared costs were allocated across modes, services types and functions, (3) the allocation was documented in the crosswalk or other supporting documentation; and (4) the driving variables used are updated annually.



**Okaloosa County, Florida  
Financial Data Review AUPs  
Exhibit I (continued)**

**6. Procedure: Operating Expense Summary (Form F-40)**

- a. We will obtain total expenses from the accounting system for the reporting period. We will trace and agree total expenses from Form F-40 to the accounting system using the crosswalk.
- b. We will trace and agree the reconciling items appearing on Form F-40 through the crosswalk to the accounting system.

**7. Procedure: Financial Statement (Form F-60)**

- a. We will trace and agree (1) Current Assets; (2) Non-Current Assets; (3) Deferred Outflows of Resources; (4) Current Liabilities; (5) Non-Current Liabilities; and (6) Deferred Inflows of Resources appearing on Form F-60 to the crosswalk or other supporting documentation.

## DeRita Mason

---

**From:** Parsons, Kerry <KParsons@ngn-tally.com>  
**Sent:** Monday, July 27, 2020 10:20 AM  
**To:** Marian Hunt  
**Cc:** Jane Evans  
**Subject:** RE: Warren Averett Terms of Engagement for 8/4 board meeting

This is approved for legal purposes.

Kerry A. Parsons, Esq.



1500 Mahan Dr. Ste. 200  
Tallahassee, FL 32308  
T. (850) 224-4070  
[kparsons@ngn-tally.com](mailto:kparsons@ngn-tally.com)

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---

**From:** Marian Hunt  
**Sent:** Monday, July 27, 2020 11:09 AM  
**To:** Parsons, Kerry  
**Cc:** Jane Evans  
**Subject:** Warren Averett Terms of Engagement for 8/4 board meeting  
**Importance:** High

Good morning Kerry,

Per your request, I have attached the Warren Averett terms of engagement letter that needs your approval prior to inclusion in the August 4<sup>th</sup> board meeting agenda.

Thank you,

Marian J. Hunt  
Grant Accountant  
Office of Management and Budget  
1250 North Eglin Parkway  
Suite 102  
Shalimar, FL 32579  
Phone: 850-609-7075  
Fax: 850-651-7551  
Internal Courier: CAO-S/Grants  
Email: [mhunt@myokaloosa.com](mailto:mhunt@myokaloosa.com)

**PROCUREMENT/CONTRACT/LEASE  
INTERNAL COORDINATION SHEET**

Procurement/Contract/Lease Number: C16-2429-SCC Tracking Number: 3999-20  
Procurement/Contractor/Lessee Name: Warren Beutt Grant Funded: YES \_\_\_ NO X  
Purpose: Terms of Engagement  
Date/Term: April 30 2020  
Department #: 4101  
Account #: 531900 PS  
Amount: 16,000.00  
Department: WS Dept. Monitor Name: Lithell

1.  GREATER THAN \$100,000  
2.  GREATER THAN \$50,000  
3.  \$50,000 OR LESS

**Purchasing Review**

Procurement or Contract/Lease requirements are met:  
DeRita Mason Date: 3-30-2020  
Purchasing Manager or designee Jeff Hyde, DeRita Mason, Jesica Darr, Angela Etheridge

**2CFR Compliance Review (if required)**

Approved as written: no federal funds Grant Name: \_\_\_\_\_  
\_\_\_\_\_ Date: \_\_\_\_\_  
Grants Coordinator Danielle Garcia

**Risk Management Review**

Approved as written: no risk element Date: \_\_\_\_\_  
\_\_\_\_\_ Edith Gibson or Karen Donaldson  
Risk Manager or designee

**County Attorney Review**

Approved as written: see email attached Date: 3-31-2020  
\_\_\_\_\_ Lynn Hoshihara, Kerry Parsons or Designee  
County Attorney

**Department Funding Review**

Department funding confirmed: \_\_\_\_\_ Date: \_\_\_\_\_

## DeRita Mason

---

**From:** Lynn Hoshihara  
**Sent:** Tuesday, March 31, 2020 1:45 PM  
**To:** DeRita Mason; Jeffrey Hyde; Mark Wise  
**Cc:** Parsons, Kerry  
**Subject:** Re: Warren Averett C16-2429-BCC - Terms of Engagement (CONFIDENTIAL)

It's approved with my recommended changes.

Lynn M. Hoshihara  
County Attorney  
Okaloosa County, Florida

Please note: Due to Florida's very broad public records laws, most written communications to or from County employees regarding County business are public records, available to the public and media upon request. Therefore, this written e-mail communication, including your e-mail address, may be subject to public disclosure.

---

**From:** DeRita Mason  
**Sent:** Tuesday, March 31, 2020 2:39:40 PM  
**To:** Lynn Hoshihara; Jeffrey Hyde; Mark Wise  
**Cc:** Parsons, Kerry  
**Subject:** RE: Warren Averett C16-2429-BCC - Terms of Engagement (CONFIDENTIAL)

Okay, thank you Lynn. Do you want to see back once changes have been made or is it approved with changes?

Mark, did you want me to make the changes or will you?

DeRita Mason





**TERMS OF ENGAGEMENT  
ASSIGNMENT UNDER FINANCIAL AUDITING SERVICES CONTRACT C-16-2429-BCC  
MARCH 26, 2020**

Warren Averett, LLC is pleased to confirm our understanding of the services we are to provide for Okaloosa County, Florida (the "Client"). This agreement confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

**Services Provided**

We will provide forensic (investigative services) for Client based on management's discovery of potential timesheet improprieties within the Water & Sewer department. The scope of work, as provided by Client, is included in **Attachment A**.

Our engagement to provide investigative procedures will be conducted in accordance with Statement on Standards for Forensic Services Statement No. 1 (SSFS1) issued by the American Institute of Certified Public Accountants Forensic and Valuation Services Executive Committee. The sufficiency of the procedures performed or to be performed is solely the responsibility of the Specified Parties and we will require an acknowledgment in writing of that responsibility. Consequently, we make no representation regarding the sufficiency of the procedures described in **Attachment A**.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. Our report will be addressed to the Client. If, for any reason, we are unable to complete any of the procedures, we will describe in our report any restrictions on the performance of the procedures, or not issue a report and withdraw from this engagement. If circumstances occur relating to the condition of your records, the availability of evidence, or the existence of a significant risk of material misstatement of the subject matter caused by error or fraud, which in our professional judgment prevent us from completing the engagement or reporting findings on the subject matter or assertion, we retain the right to take any course of action permitted by professional standards, including declining to report findings or issue a report, or withdrawing from the engagement. You understand that the report is intended solely for the information and use of the Client and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

**Engagement Administration**

Tammy McGaughy, CPA, CFF, CFE is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

**Fees**

Our fees for these services be billed at the contracted rates stated in Attachment 1 of our financial statement engagement letter (contract # C16-2429-BCC). The fees for these services will not exceed \$16,000 without express written permission from BCC management.

**Billing**

Invoices are issued as work is performed. Invoices are due upon receipt. In the event that payment is not received within 30 days of the due date, the Client will be assessed interest charges of one percent per month on the unpaid balance. We reserve the right to suspend or terminate our work due to nonpayment. In the event that our work is suspended or terminated as a result of nonpayment, the Client agrees that we will not be responsible for the Client's failure to meet government and other filing deadlines, or for penalties or interest that may be assessed against the Client resulting from the Client's failure to meet such deadlines.

**Detection**

This engagement will not include any procedures designed to detect theft or illegal acts that are immaterial to the financial statements and the Client agrees that we will have no responsibility to do so.

**Employment**

In the event you desire to employ a current employee of Warren Averett, LLC or a previous employee of Warren Averett, LLC whose termination date is within 6 months of the date services were provided to you by us, you agree to consult with us concerning such employment. In addition, if you employ such employee, you agree Warren Averett, LLC has the option to receive a reasonable placement fee from you, in an amount determined by us not exceeding 25% of employee's annual compensation at the time of termination.

**Liability**

Warren Averett, LLC's maximum liability to the Client for any reason shall be limited to the fees paid by the Client for the services or work product giving rise to the liability except and to the extent finally determined to have resulted from our willful misconduct. Without limiting the foregoing, Warren Averett, LLC's liability under this agreement is limited to the actual and direct damages incurred by the Client arising out of or related to Warren Averett, LLC's performance hereunder. In no event shall Warren Averett, LLC be liable for any incidental, consequential, special, indirect, punitive or third-party damages or claims, including, without limitation, lost profits or revenue, lost savings, lost productivity, loss of data, loss of use of equipment and loss from interruption of business, regardless of whether the form of action is based upon breach of warranty, breach of contract, negligence, strict liability in tort or any other legal theory even if Warren Averett, LLC has been advised about the possibility of such damages.

**Dispute Resolution**

The parties shall attempt to resolve any dispute arising under this Agreement by participating in mediation. The parties agree to share equally in the costs of such mediation. In the event the parties are unable to resolve the dispute through the mediation process, each party shall be free to pursue any other legal remedies.

**Invalidation**

In the event that any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this agreement.

**Disclosure**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

**Term**

This agreement shall be for a 60-day period, commencing upon full execution of this contract. The term may be extended upon written agreement by both parties.

**Amendment**

The terms and conditions of this agreement (i) apply exclusively to the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services") and do not apply to any other services specifically addressed in a separate Terms of Engagement entered into between Warren Averett, LLC and the Client. This agreement replaces and amends all previous Terms of Engagement entered into between Warren Averett, LLC and the Client for the services specifically set

forth in the "Services Provided" section herein (the "Current Specified Services"). This agreement does not impose upon Warren Averett, LLC any additional obligations or responsibilities with respect to any other Terms of Engagement entered into between Warren Averett, LLC and the Client.

**Public Records:** Warren Averett, LLC, will

- Keep and maintain public records required by the County to perform the service.
- Upon request from the County's custodian of public records, provide the County with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in chapter 119 Florida Statutes or as otherwise provided by law.
- Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the County. The audit working papers shall remain the property of Warren Averett, LLC.
- Upon completion of the contract, transfer, at no cost, to the County all public records in possession of the contractor or keep and maintain public records required by the County to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon completion of the contract, the contractor shall meet all applicable requirements for retaining the public records. All records stored electronically must be provided to the public agency, upon the request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

#### **Audit**

The Client shall have the right from time to time at its sole expense to audit the compliance by Warren Averett, LLC with the terms, conditions, obligations, limitations, restrictions and requirements of this Agreement and such right shall extend for a period of three (3) years after termination of this Agreement. If the Client should choose to invoke this provision, the Client shall engage a CPA firm or a CPA, with recent peer review experience specific to governmental entities in Florida, to perform the function.

#### **Third Party Beneficiaries**

It is specifically agreed between the parties executing this Agreement that is not intended by any of the provisions of any part of the Agreement to create in the public or any member thereof, a third party beneficiary under this Agreement, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms for provisions of this Agreement.

#### **Governing Law & Venue**

This Agreement shall be interpreted in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws. Venue for any legal proceedings arising out of this Agreement shall be in Okaloosa County, Florida.

#### **Insurance**

The Client's insurance requirements are found in our Contract C16-2429-BCC. Warren Averett, LLC has the insurance to meet those requirements.

IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT OKALOOSA COUNTY RISK MANAGEMENT DEPARTMENT 5479 OLD BETHEL ROAD CRESTVIEW, FL 32536 PHONE: (850) 689-5977

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

WARREN AVERETT

BY: Angela D. Balent

PRINT NAME: Angela D. Balent, CPA

DATE: March 26, 2020

OKALOOSA COUNTY

BY: Jeffrey A Hyde

PRINT NAME: Jeffrey A Hyde

DATE: 04/07/2020



## ATTACHMENT A

### Independent Consultant Investigation Potential Fraud, Waste, and/or Abuse

#### Scope of Work:

- Independent review by a Certified Fraud Examiner (CFE)
- Water & Sewer staff to explain accusations to consultant, related to potential timesheet fraud and/or misuse of County time
- Water & Sewer staff to provide information to date: videos, timesheets, overtime logs, other related information, and a listing of apparent inconsistencies
- Water & Sewer staff to provide space in our building, full access to the above-mentioned information, and training (i.e. to use video software)
- As it is an independent review, any needed direction would come from County Administrator's Office (and/or County HR)
- Work includes, but is not limited to the following:
  - o review all available information
  - o conduct analysis
  - o conduct employee interviews
  - o provide a report with findings and a professional recommendation as to fraud, waste, and/or abuse

#### Scope of Work Defined by Client





**TERMS OF ENGAGEMENT**  
FEBRUARY 24, 2020

Warren Averett, LLC is pleased to confirm our understanding of the services we are to provide for Okaloosa County, Florida (the "Client"). This agreement confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

**Services Provided**

We will apply the agreed-upon procedures listed in the attached schedule that were specified and agreed to by the Federal Transit Administration (FTA) and the Client [the "Specified Parties"] to assist the Client and the FTA in determining conformance with the FTA's National Transit Database (NTD) Uniform System of Accounts (USOA) requirements based on the following assertion by the Client's management:

- The accounting system from the NTD reports for the year ended September 30, 2018, were derived, uses the accrual basis of accounting and is directly translated, using a clear audit trail, to the accounting treatment and categories specified by the USOA (the "Assertion").

Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures performed or to be performed is solely the responsibility of the Specified Parties and we will require an acknowledgment in writing of that responsibility. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

Because the agreed-upon procedures listed in the attached schedule do not constitute an examination or review, we will not express an opinion or conclusion on the Assertion. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. Our report will be addressed to the Client and the Specified Parties. If, for any reason, we are unable to complete any of the procedures, we will describe in our report any restrictions on the performance of the procedures, or not issue a report and withdraw from this engagement. If circumstances occur relating to the condition of your records, the availability of evidence, or the existence of a significant risk of material misstatement of the subject matter caused by error or fraud, which in our professional judgment prevent us from completing the engagement or reporting findings on the subject matter or assertion, we retain the right to take any course of action permitted by professional standards, including declining to report findings or issue a report, or withdrawing from the engagement. You understand that the report is intended solely for the information and use of the Specified Parties, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The attest documentation for this engagement is the property of Warren Averett, LLC and constitutes confidential information. However, we may be requested to make certain attest documentation available to the FTA pursuant to authority given to it by law or regulation. If requested, access to such attest documentation will be provided under the supervision of Warren Averett, LLC's personnel. Furthermore, upon request, we may provide copies of selected attest documentation to the FTA. The FTA may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

An agreed-upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulations; however, we will communicate to you any known and

suspected fraud and noncompliance with laws or regulations affecting the Assertion that come to our attention. In addition, if, in connection with this engagement, matters come to our attention that contradict the Assertion, we will disclose those matters in our report.

You are responsible for the Assertion and that it is in accordance with conformance with USOA requirements and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for your purposes. You are also responsible for, and agree to provide us with, a written assertion about the Assertion. In addition, you are responsible for providing us with (1) access to all information of which you are aware that is relevant to the performance of the agreed-upon procedures on the subject matter, (2) additional information that we may request for the purpose of performing the agreed-upon procedures, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence relating to performing those procedures.

#### **Engagement Administration**

Angela D. Balent, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We plan to begin our procedures on approximately April 2020 and, unless unforeseeable problems are encountered, the engagement should be completed by April 30, 2020.

At the conclusion of our engagement, we will require certain written representations in the form of a representation letter from management that, among other things, will confirm management's responsibility for the Assertion in accordance with the FTA's NTD USOA requirements.

#### **Fees**

Our fees for these services be billed at the contracted rates stated in Attachment I of our financial statement engagement letter (contract # C16-2429-BCC). The fees for these services will not exceed \$10,000 without express written permission from BCC management.

#### **Billing**

Invoices are issued as work is performed. Invoices are due upon receipt. In the event that payment is not received within 30 days of the due date, the Client will be assessed interest charges of one percent per month on the unpaid balance. We reserve the right to suspend or terminate our work due to nonpayment. In the event that our work is suspended or terminated as a result of nonpayment, the Client agrees that we will not be responsible for the Client's failure to meet government and other filing deadlines, or for penalties or interest that may be assessed against the Client resulting from the Client's failure to meet such deadlines.

#### **Detection**

This engagement will not include any procedures designed to detect theft or illegal acts that are immaterial to the financial statements and the Client agrees that we will have no responsibility to do so.

#### **Employment**

In the event you desire to employ a current employee of Warren Averett, LLC or a previous employee of Warren Averett, LLC whose termination date is within 6 months of the date services were provided to you by us, you agree to consult with us concerning such employment. In addition, if you employ such employee, you agree Warren Averett, LLC has the option to receive a reasonable placement fee from you, in an amount determined by us not exceeding 25% of employee's annual compensation at the time of termination.

#### **Liability**

Warren Averett, LLC's maximum liability to the Client for any reason shall be limited to the fees paid by the Client for the services or work product giving rise to the liability except and to the extent finally determined to have resulted from our willful misconduct. Without limiting the foregoing, Warren Averett, LLC's liability under this agreement is limited to the actual and direct damages incurred by the Client arising out of or related to Warren Averett, LLC's performance hereunder. In no event shall Warren Averett, LLC be liable for any incidental, consequential, special, indirect, punitive or third-party damages or claims, including, without limitation, lost profits or revenue, lost savings, lost productivity, loss of data, loss of use of equipment and loss from interruption of business, regardless of whether the form of action is based upon breach of warranty, breach of contract, negligence, strict liability in tort or any other legal theory even if Warren Averett, LLC has been advised about the possibility of such damages.

**Dispute Resolution**

The parties shall attempt to resolve any dispute arising under this Agreement by participating in mediation. The parties agree to share equally in the costs of such mediation. In the event the parties are unable to resolve the dispute through the mediation process, each party shall be free to pursue any other legal remedies.

**Invalidation**

In the event that any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this agreement.

**Disclosure**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

**Term**

This agreement shall survive the termination of the Client's engagement of Warren Averett, LLC.

**Amendment**

The terms and conditions of this agreement (i) apply exclusively to the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services") and do not apply to any other services specifically addressed in a separate Terms of Engagement entered into between Warren Averett, LLC and the Client. This agreement replaces and amends all previous Terms of Engagement entered into between Warren Averett, LLC and the Client for the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services"). This agreement does not impose upon Warren Averett, LLC any additional obligations or responsibilities with respect to any other Terms of Engagement entered into between Warren Averett, LLC and the Client.

**Public Records:** Warren Averett, LLC, will

- Keep and maintain public records required by the County to perform the service.
- Upon request from the County's custodian of public records, provide the County with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in chapter 119 Florida Statutes or as otherwise provided by law.
- Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the County. The audit working papers shall remain the property of Warren Averett, LLC.
- Upon completion of the contract, transfer, at no cost, to the County all public records in possession of the contractor or keep and maintain public records required by the County to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon completion of the contract, the contractor shall meet all applicable requirements for retaining the public records. All records stored electronically must be provided to the public agency, upon the request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

**Audit**

The Client shall have the right from time to time at its sole expense to audit the compliance by Warren Averett, LLC with the terms, conditions, obligations, limitations, restrictions and requirements of this Agreement and such right shall extend for a period of three (3) years after termination of this Agreement. If the Client should choose to invoke this provision, the Client shall engage a CPA firm or a CPA, with recent peer review experience specific to governmental entities in Florida, to perform the function.

**Third Party Beneficiaries**

It is specifically agreed between the parties executing this Agreement that is not intended by any of the provisions of any part of the Agreement to create in the public or any member thereof, a third party beneficiary under this Agreement, or to authorize anyone not a party is this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms for provisions of this Agreement.

**Governing Law & Venue**

This Agreement shall be interpreted in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws. Venue for any legal proceedings arising out of this Agreement shall be in Okaloosa County, Florida.

**Insurance**

The Client's insurance requirements are found in our Contract C16-2429-BCC. Warren Averett, LLC has the insurance to meet those requirements.

**IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT OKALOOSA COUNTY RISK MANAGEMENT DEPARTMENT 5479 OLD BETHEL ROAD CRESTVIEW, FL 32536 PHONE: (850) 689-5977**

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

WARREN AVERETT

BY: Angela D. Belink, CPA

PRINT NAME: Angela D. Belink

DATE: 3-25-2020

OKALOOSA COUNTY

BY: Robert A. "Trey" Johnson III

PRINT NAME: Chairman, Board of County Commissioners

DATE: March 3, 2020



**Okaloosa County, Florida  
Financial Data Review  
Agreed Upon Procedures  
Year Ended September 30, 2018**

**Exhibit I**

The agreed upon procedures are as follows:

**1. Procedure: NTD Crosswalk**

- a. We will obtain the following NTD Reporting Forms prepared by management for the year ended September 30, 2018:
  - NTD Form F-10, Sources of Funds – Funds Expended and Funds Earned (USOA Section 2)
  - NTD Form F-20, Uses of Capital (USOA Section 3)
  - NTD Form F-30, Operating Expenses (USOA Section 4, 5, and 6 and Appendix A)
  - NTD Form F-40, Operating Expenses Summary
  - NTD Form F-60, Financial Statement
- b. We will obtain the reconciliation documentation management prepares (referred to as the “the crosswalk” throughout this report) to reconcile the chart of accounts, general ledger, and/or trial balance and other supporting documentation such as Excel spreadsheets (collectively referred to as the accounting system) to the respective NTD Reporting Forms identified above.
- c. We will inquire of management as to whether the crosswalk obtained in procedure 1.b is supported by the accounting system.
- d. For a transit agency that is part of a larger reporting entity, we will inquire of management as to whether the crosswalk includes the full cost of providing transit service, including costs incurred by the larger reporting entity to specifically support the agency’s transit service.
- e. We will inspect the crosswalk to determine that it incorporates NTD reporting using the applicable modes and types of service identified in the bulleted list below:
  - Sources of Funds, Form F-10 – Funding sources, passenger fares by mode and service type, passenger fares by passenger paid or by organization paid fares, revenue object class, and funds expended on operations and capital fund types
  - Uses of Capital, Form F-20 - Type of use, asset classifications, and modes and service types
  - Operating Expenses, Form F-30 - Modes, service types, object classes and functions

**Okaloosa County, Florida  
Financial Data Review AUPs  
Exhibit I (continued)**

- Operating Expenses Summary, Form F-40 - Expense reconciling items
- Financial Statement, Form F-60 - Current assets, non-current assets, deferred outflows of resources, current liabilities, non-current liabilities, and deferred inflows of resources.

**2. Procedure: Accrual Accounting**

- a. We will obtain the most recent audited financial statements that include the transit agency and inspect the notes to the financial statements to determine whether the accrual basis of accounting was used.
- b. We will inquire of management as to whether the accrual basis of accounting has continued to be used since the last audited reporting period and that it is used for NTD reporting in the current period.
- c. If the notes to the financial statements indicate that an accrual basis of accounting is not being used, or the results of the inquiry to management in procedure 2.b indicate the accrual basis of accounting is not being used in the current period, we will inspect the crosswalk to determine that the transit agency made adjustments to convert to an accrual basis for NTD reporting.

**3. Procedure: Sources of Funds (Form F-10)**

- a. We will trace and agree total sources of funds from Form F-10 to revenue reported in the accounting system using the crosswalk.
- b. We will inspect the crosswalk for a written reconciliation between total revenues reported in the audited financial statements or the accounting system and the total revenues reported on Form F-10.
- c. We will trace and agree the two largest directly generated fund passenger fare revenue modes (all service types) from Form F-10 to the accounting system.
- d. We will trace and agree the largest revenue object class (other than passenger fares) in the following major categories of funds from Form F-10 to the accounting system: (1) Local Government; (2) State Government; (3) Federal Funds; and (4) Other Directly Generated Funds (i.e., 4100 and 4200 combined).
- e. We will inspect the crosswalk to determine that it identifies, evaluates, and classifies financial transactions into categories of funds expended on operations and funds expended on capital (USOA Section 2) for the reporting year.

**Okaloosa County, Florida  
Financial Data Review AUPs  
Exhibit I (continued)**

**4. Procedure: Uses of Capital (Form F-20)**

- a. We will obtain accounting system documentation on capital asset additions for the reporting period.
- b. We will trace and agree total uses of capital from Form F-20 to the crosswalk reconciliation of total capital asset additions.
- c. We will trace and agree types of use (existing service and expansion of service) from Form F-20 to the crosswalk or other supporting documentation reflecting the nature of the uses of capital.
- d. We will trace and agree asset classifications (guideway, revenue vehicles, etc.) from Form F-20 to the crosswalk or other documentation reflecting the assets classes of capital additions.
- e. For the largest mode/service type, we will trace and agree the type of use classification and asset classification from Form F-20 to the crosswalk or other documentation reflecting the uses of capital.
- f. If capital projects support multiple modes/types of services or and/or asset classifications, we will inquire of management as to whether management reported the use of capital considering the predominant use rules as described in the "Predominant Use" section of the 2018 NTD Policy Manual.
- g. If capital projects involve: 1) Rehabilitation / Reconstruction / Replacement / Improvement for Existing Service; and 2) Expansion of Service; we will inquire of management as to whether project costs were allocated between the two project purposes and whether such allocation was documented in the crosswalk or other supporting documentation.

**5. Procedure: Operating Expenses (Form F-30)**

- a. For the two largest modes/type of services, we will trace and agree functions (vehicle operations, vehicle maintenance, etc.) from Form F-30 to the crosswalk or other written documentation of functional expenses.
- b. For the two largest modes/type of services, we will trace and agree object classes (natural expenses) from Form F-30 to the crosswalk or other written documentation of object class categories.
- c. If management allocated shared operating expenses, we will inquire of management as to whether (1) the operating expenses are split between direct and shared costs; (2) shared costs were allocated across modes, services types and functions, (3) the allocation was documented in the crosswalk or other supporting documentation; and (4) the driving variables used are updated annually.



**Okaloosa County, Florida  
Financial Data Review AUPs  
Exhibit I (continued)**

**6. Procedure: Operating Expense Summary (Form F-40)**

- a. We will obtain total expenses from the accounting system for the reporting period. We will trace and agree total expenses from Form F-40 to the accounting system using the crosswalk.
- b. We will trace and agree the reconciling items appearing on Form F-40 through the crosswalk to the accounting system.

**7. Procedure: Financial Statement (Form F-60)**

- a. We will trace and agree (1) Current Assets; (2) Non-Current Assets; (3) Deferred Outflows of Resources; (4) Current Liabilities; (5) Non-Current Liabilities; and (6) Deferred Inflows of Resources appearing on Form F-60 to the crosswalk or other supporting documentation.

**PROCUREMENT/CONTRACT/LEASE  
INTERNAL COORDINATION SHEET**

Procurement/Contract/Lease Number: C16-2429-BCC Tracking Number: 3790-20  
Procurement/Contractor/Lessee Name: Warren Brett Grant Funded: YES  NO   
Purpose: renewal/amendment  
Date/Term: 4-30-2020 1.  GREATER THAN \$100,000  
Department #: See attached 2.  GREATER THAN \$50,000  
Account #: \_\_\_\_\_ 3.  \$50,000 OR LESS  
Amount: \$10,000  
Department: BCC Dept. Monitor Name: Hopstad

**Purchasing Review**  
Procurement or Contract/Lease requirements are met:  
DeRita Mason Date: \_\_\_\_\_  
Purchasing Manager or designee Jeff Hyde, DeRita Mason, Jessica Darr, Angela Etheridge

**2CFR Compliance Review (if required)** see email  
Approved as written: no federal funds Grant Name: attached  
\_\_\_\_\_ Date: 3/25/2020  
Grants Coordinator Danielle Garcia

**Risk Management Review** see email  
Approved as written: no risk element Date: \_\_\_\_\_  
\_\_\_\_\_ Edith Gibson or Karen Donaldson  
Risk Manager or designee

**County Attorney Review**  
Approved as written: See email attached Date: 2-26-2020  
\_\_\_\_\_ Lynn Hoshihara, Kerry Parsons or Designee  
County Attorney

**Department Funding Review**  
Department funding confirmed: \_\_\_\_\_ Date: \_\_\_\_\_  
\_\_\_\_\_

## DeRita Mason

---

**From:** Parsons, Kerry <KParsons@ngn-tally.com>  
**Sent:** Wednesday, February 26, 2020 11:19 AM  
**To:** Jane Evans  
**Cc:** Greg Stewart; Lynn Hoshihara; Edward Sisson; Shannon Clowes; Tyrone Parker; DeRita Mason  
**Subject:** Re: G195 - Legal Coordination - Updated Agreement for Warren Averitt FTA

This is approved for legal purposes.

Sent from my iPhone

> On Feb 26, 2020, at 9:32 AM, Jane Evans <jevans@myokaloosa.com> wrote:

>

>

CAUTION: This email originated from outside the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

## DeRita Mason

---

**From:** Jane Evans  
**Sent:** Wednesday, February 26, 2020 11:07 AM  
**To:** DeRita Mason  
**Subject:** RE: G195 - Legal Coordination - Updated Agreement for Warren Averitt FTA

It will be completed 4/30/2020. The start date could be 1.15.2019 when the original was fully executed. The total cost is \$10,000. I have the amounts in the Agenda Request.

**Funding Source, (if Applicable):**

Department #: 701411

Account #: 532001

Amount: \$5,138.00

**Funding Source, (if Applicable):**

Department #: 701542

Account #: 532001

Amount: \$862.00

**Funding Source, (if Applicable):**

Department #: 701943

Account #: 532001

Amount: \$4,000.00

---

**From:** DeRita Mason <dmason@myokaloosa.com>  
**Sent:** Wednesday, February 26, 2020 11:04 AM  
**To:** Jane Evans <jevans@myokaloosa.com>  
**Subject:** RE: G195 - Legal Coordination - Updated Agreement for Warren Averitt FTA

Jane,

What is the term of this?

I also need the dept/account number associated with the fees.

Is the cost \$10,000?

DeRita Mason



**PROCUREMENT/CONTRACT/LEASE  
INTERNAL COORDINATION SHEET**

Procurement/Contract/Lease Number: C16-2429BCC Tracking Number: 343819  
Procurement/Contractor/Lessee Name: Warren Brett Grant Funded: YES \_\_\_ NO X  
Purpose: audit financial records  
Date/Term: ~~2021~~ 9/30/2020 w/1-1 YEAR Renewal  
Amount: \_\_\_\_\_  
Department: BCC  
Dept. Monitor Name: Hopstad

1.  GREATER THAN \$100,000  
2.  GREATER THAN \$50,000  
3.  \$50,000 OR LESS

**Purchasing Review**

Procurement or Contract/Lease requirements are met:  
DeRita Mason Date: 7-11-19  
Purchasing Manager or designee Jeff Hyde, DeRita Mason, Victoria Taravella

**2CFR Compliance Review (if required)**

Approved as written: no federal funds Grant Name: \_\_\_\_\_  
\_\_\_\_\_ Date: \_\_\_\_\_  
Grants Coordinator Danielle Garcia

**Risk Management Review**

Approved as written: see email attached Date: 7-12-19  
\_\_\_\_\_ Date: \_\_\_\_\_  
Risk Manager or designee Laura Porter or Krystal King

**County Attorney Review**

Approved as written: see email attached Date: 7-12-19  
\_\_\_\_\_ Date: \_\_\_\_\_  
County Attorney Gregory T. Stewart, Lynn Hoshihara, Kerry Parsons or Designee

Following Okaloosa County approval:

**Clerk Finance**

Document has been received: \_\_\_\_\_ Date: \_\_\_\_\_  
\_\_\_\_\_ Date: \_\_\_\_\_  
Finance Manager or designee



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
11/05/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> <b>J Smith Lanier &amp; Co Birmingham</b> <b>10 Inverness Center Pkwy</b> <b>Suite 400</b> <b>Birmingham, AL 35242</b>	<b>CONTACT NAME:</b> Stephanie Portera <b>PHONE (A/C, No, Ext):</b> 205-969-2131 <b>E-MAIL ADDRESS:</b> sportera@jsmithlanier.com	<b>FAX (A/C, No):</b> 205-969-1034
	<b>INSURER(S) AFFORDING COVERAGE</b>	
<b>INSURED</b> <b>Warren Averett, LLC and</b> <b>Warren Averett Companies, LLC</b> <b>2500 Acton Road</b> <b>Birmingham, AL 35243</b>	<b>INSURER A:</b> Valley Forge Insurance Company	<b>NAIC #</b> 20508
	<b>INSURER B:</b> American Casualty Co. of Reading PA	<b>20427</b>
	<b>INSURER C:</b> Continental Insurance Company	<b>35289</b>
	<b>INSURER D:</b>	
	<b>INSURER E:</b>	
	<b>INSURER F:</b>	

**COVERAGES**                      **CERTIFICATE NUMBER:**                      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER		6050207771	06/30/2019	06/30/2020	EACH OCCURRENCE \$ <b>1,000,000</b> DAMAGE TO RENTED PREMISES (Ea occurrence) \$ <b>1,000,000</b> MED EXP (Any one person) \$ <b>15,000</b> PERSONAL & ADV INJURY \$ <b>1,000,000</b> GENERAL AGGREGATE \$ <b>2,000,000</b> PRODUCTS - COMP/OP AGG \$ <b>2,000,000</b> \$
C	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY  <input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE  <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$		6050207785	06/30/2019	06/30/2020	COMBINED SINGLE LIMIT (Ea accident) \$ <b>1,000,000</b> BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$ EACH OCCURRENCE \$ AGGREGATE \$ \$
B	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input checked="" type="checkbox"/> N <input type="checkbox"/> Y <input type="checkbox"/> N/A (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		6050207799	06/30/2019	06/30/2020	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ <b>1,000,000</b> E.L. DISEASE - EA EMPLOYEE \$ <b>1,000,000</b> E.L. DISEASE - POLICY LIMIT \$ <b>1,000,000</b>

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Okaloosa County and all officers thereof are included as Additional Insured as per written contract with respects to the General Liability policy described above and subject to provisions and limitations of the policy. A waiver of subrogation applies in favor of Okaloosa County with respect to general liability and workers compensation as required by written contract subject to policy terms, conditions, and exclusions.  
**CONTRACT #: C16-2429-BCC**  
**WARREN AVERETT, LLC.**  
**AUDIT FINANCIAL RECORDS**  
**EXPIRES: 09/30/2020 w/ 1 - 1 YR. RENEWAL**

<b>CERTIFICATE HOLDER</b>  <b>Okaloosa County Board of County Commissioners</b> <b>5479A Old Bethel Road</b> <b>Crestview, FL 32536</b>	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE
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Client#: 154359

22WARRENAVER3

**ACORD**<sup>TM</sup>

**CERTIFICATE OF LIABILITY INSURANCE**

DATE (MM/DD/YYYY)  
10/29/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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<b>PRODUCER</b> J Smith Lanier & Co Birmingham 10 Inverness Center Pkwy Suite 400 Birmingham, AL 35242	CONTACT NAME: <b>Stephanie Portera</b> PHONE (A/C, No, Ext): <b>205-969-2131</b> E-MAIL ADDRESS: <b>sportera@jsmithlanier.com</b>	FAX (A/C, No): <b>205-969-1034</b>
	INSURER(S) AFFORDING COVERAGE INSURER A : <b>Columbia Casualty Company</b>	
<b>INSURED</b> Warren Averett, LLC and Warren Averett Companies, LLC 2500 Acton Road Birmingham, AL 35243	INSURER B :	NAIC #
	INSURER C :	31127
	INSURER D :	
	INSURER E :	
	INSURER F :	
	INSURER G :	

**COVERAGES**                      **CERTIFICATE NUMBER:**                      **REVISION NUMBER:**

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INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED    RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below					PER STATUTE    OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
<b>A</b>	<b>Cyber Liability Tech E&amp;O</b>		<b>596805995</b>	<b>06/30/2019</b>	<b>06/30/2020</b>	<b>\$1,000,000 Cyber</b> <b>\$1,000,000 Tech E&amp;O</b> <b>\$50,000 Retention</b>

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Okaloosa County and all officers thereof are included as Additional Insured as per written contract with respects to the General Liability policy described above and subject to provisions and limitations of the policy. A waiver of subrogation applies in favor of Okaloosa County with respect to general liability as required by written contract subject to policy terms, conditions, and exclusions.

<b>CERTIFICATE HOLDER</b>  Okaloosa County Board of County Commissioners 5479A Old Bethel Road Crestview FL 32536	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS <b>CONTRACT #: C16-2429-BCC</b> AUTHORIZED REPRESENTATIVE: <b>WARREN AVERETT, LLC</b> <b>AUDIT FINANCIAL RECORDS</b> <b>EXPIRES: 9/30/2020 w/1 - 1 YR. RENEWAL</b>
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# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
10/28/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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<b>PRODUCER</b> 1-847-385-6800 Edgewood Partners Insurance Center Lemme, a division of EPIC 111 West Campbell 4th Floor Arlington Heights, IL 60005	<b>CONTACT NAME:</b> Jay Moroney <b>PHONE (A/C, No, Ext):</b> 847-385-6800 <b>E-MAIL ADDRESS:</b> PSGCerts@lemme.com <b>FAX (A/C, No):</b>
<b>INSURED</b> Warren Averett, LLC; Warren Averett Companies, LLC & Subsidiaries 2500 Acton Road Birmingham, AL 35243	<b>INSURER(S) AFFORDING COVERAGE</b> <b>INSURER A:</b> Scottsdale Ins Co and various insurers <b>INSURER B:</b> <b>INSURER C:</b> <b>INSURER D:</b> <b>INSURER E:</b> <b>INSURER F:</b>

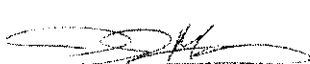
COVERAGES CERTIFICATE NUMBER: 57664242 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADOL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTIONS					EACH OCCURRENCE \$ AGGREGATE \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A				PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Professional Liability		HWS0000082	06/30/19	06/30/20	Each Claim 1,000,000 Aggregate 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101. Additional Remarks Schedule, may be attached if more space is required)

**CONTRACT #: C16-2429-BCC**  
**WARREN AVERETT, LLC**  
**AUDIT FINANCIAL RECORDS**  
**EXPIRES: 9/30/2020 w/1 - 1 YR. RENEWAL**

<b>CERTIFICATE HOLDER</b> Okaloosa County Board of County Commissioners  5479A Old Bethel Road  Crestview, FL 32536  USA	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE 
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## DeRita Mason

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**From:** Angela Balent <Angela.Balent@warrenaverett.com>  
**Sent:** Tuesday, July 16, 2019 2:15 PM  
**To:** DeRita Mason  
**Cc:** Kay Godwin; Grant Dugre; Jeffrey Hyde  
**Subject:** RE: add under governing law and venue  
**Attachments:** {95DDBE5D-AEF9-4DCC-BDF8-F654B1801751}.pdf

Good afternoon. I will attach this to the letter like I did last year (see attached). Are there any other changes or I am good to sign it.

### Angela Balent, CPA

(D) [850.275.1224](tel:850.275.1224)  
(C) [850.865.8434](tel:850.865.8434)

---

**From:** DeRita Mason <dmason@myokaloosa.com>  
**Sent:** Friday, July 12, 2019 9:29 AM  
**To:** Angela Balent <Angela.Balent@warrenaverett.com>  
**Cc:** Kay Godwin <kgodwin@myokaloosa.com>; Grant Dugre <gdugre@myokaloosa.com>; Jeffrey Hyde <jhyde@myokaloosa.com>  
**Subject:** FW: add under governing law and venue

### **\*\*EXTERNAL EMAIL\*\***

See below, risk needs the attached insurance to be added to the engagement letter.

---

**From:** Karen Donaldson  
**Sent:** Friday, July 12, 2019 9:24 AM  
**To:** DeRita Mason <dmason@myokaloosa.com>  
**Subject:** RE: add under governing law and venue

We will need the general requirements and add professional (O&E) insurance. Cyber would also be good.

Thank you

*Karen Donaldson*

Karen Donaldson  
Public Records and Contracts Specialist  
Okaloosa County Risk Management  
5479-B Old Bethel Rd.  
Crestview, Fl. 32536  
850.683.6207  
[KDonaldson@myokaloosa.com](mailto:KDonaldson@myokaloosa.com)



## DeRita Mason

---

**From:** Parsons, Kerry <KParsons@ngn-tally.com>  
**Sent:** Friday, July 12, 2019 10:44 AM  
**To:** DeRita Mason  
**Cc:** Lynn Hoshihara; Karen Donaldson  
**Subject:** RE: add under governing law and venue

DeRita:

The engagement letter is approved for legal purposes. In addition to the engagement letter, you need to have them fill out the scrutinized contractors certificate as it is a statutory requirement. If they will separately fill out the certificate, like the one you have in your procurements, then that provision does not need to be added to the engagement letter – otherwise it will need to be added.

**Kerry A. Parsons, Esq.**

**Nabors  
Giblin &  
Nickerson**  
ESTABLISHED 1914

1500 Mahan Dr. Ste. 200  
Tallahassee, FL 32308  
T. (850) 224-4070  
[kparsons@ngn-tally.com](mailto:kparsons@ngn-tally.com)

*The information contained in this e-mail message is intended for the personal and confidential use of the recipient(s) named above. This message and its attachments may be an attorney-client communication and, as such, is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone or e-mail and delete the original message. Thank you!*

---

**From:** DeRita Mason <dmason@myokaloosa.com>  
**Sent:** Thursday, July 11, 2019 4:44 PM  
**To:** Parsons, Kerry <KParsons@ngn-tally.com>  
**Cc:** Lynn Hoshihara <lhoshihara@myokaloosa.com>; Karen Donaldson <kdonaldson@myokaloosa.com>  
**Subject:** FW: add under governing law and venue

Please review and approve.

Thank you,

DeRita

---

**From:** Angela Balent [<mailto:Angela.Balent@warrenaverett.com>]  
**Sent:** Thursday, July 11, 2019 2:32 PM  
**To:** DeRita Mason <dmason@myokaloosa.com>; Kay Godwin <[kgodwin@myokaloosa.com](mailto:kgodwin@myokaloosa.com)>  
**Cc:** Grant Dugre <[gdugre@myokaloosa.com](mailto:gdugre@myokaloosa.com)>; Jeffrey Hyde <[jhyde@myokaloosa.com](mailto:jhyde@myokaloosa.com)>  
**Subject:** FW: add under governing law and venue

Hello. Attached please find the 2019 engagement letter in word and then the PDF packet with attachments. Last year as an attachment we also included the County 's insurance requirement as Attachment II. I would like to handle that

VENDORS ON SCRUTINIZED COMPANIES LISTS

By executing this Certificate Warren Averett, LLC, the bid proposer, certifies that it is not: (1) listed on the Scrutinized Companies that Boycott Israel List, created pursuant to section 215.4725, Florida Statutes, (2) engaged in a boycott of Israel, (3) listed on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, created pursuant to section 215.473, Florida Statutes, or (4) engaged in business operations in Cuba or Syria. Pursuant to section 287.135(5), Florida Statutes, the County may disqualify the bid proper immediately or immediately terminate any agreement entered into for cause if the bid proposer is found to have submitted a false certification as to the above or if the Contractor is placed on the Scrutinized Companies that Boycott Israel List, is engaged in a boycott of Israel, has been placed on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or has been engaged in business operations in Cuba or Syria, during the term of the Agreement. If the County determines that the bid proposer has submitted a false certification, the County will provide written notice to the bid proposer. Unless the bid proposer demonstrates in writing, within 90 calendar days of receipt of the notice, that the County's determination of false certification was made in error, the County shall bring a civil action against the bid proposer. If the County's determination is upheld, a civil penalty shall apply, and the bid proposer will be ineligible to bid on any Agreement with a Florida agency or local governmental entity for three years after the date of County's determination of false certification by bid proposer.

As the person authorized to sign this statement, I certify that this firm complies fully with the above requirements.

DATE: July 12, 2019

COMPANY: Warren Averett, LLC

ADDRESS: 45 Eglin Pkwy NE 301  
Fort Walton Beach, FL 32548

PHONE NO.: 850-244-5121

SIGNATURE: *Angela D. Balent*

NAME: Angela D. Balent  
(Typed or Printed)

TITLE: Member

E-MAIL: Angela.balent@warrenaverett.com

- 1) Schedule of Expenditures of Federal Awards and/or State Financial Assistance (as applicable)
- 2) Schedule of Expenditures of Passenger Facility Charges
- 3) Combining and Individual Fund Statement of Schedules

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section
- 2) Statistical Schedules

We will examine the compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*, of the Board of County Commissioners of Okaloosa County, Florida, as of September 30, 2019. Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include tests of your records and other procedures we consider necessary to enable us to express an opinion as to whether the Board of County Commissioners of Okaloosa County, Florida, complied, in all material respects, with Chapter 10.550, *Rules of the Auditor General*. If, for any reason, we are unable to complete the examination, we will not issue a report as a result of this engagement. Our examination engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, fraud, or other violations of laws or regulations, that may exist. However, we will inform you of any material errors or fraud that comes to our attention. We will also inform you of any other violations of laws or regulations that come to our attention, unless clearly inconsequential.

#### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the *Florida Single Audit Act* and Chapter 10.550, *Rules of the Auditor General*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance and *Florida Single Audit Act* report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, *Florida Single Audit Act* and Chapter 10.550 *Rules of the Auditor General*. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Act Amendments of 1996; and the provisions of the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, *Rules of the Florida Auditor General*, and will include tests of accounting records, a determination of major program(s) in accordance with the

Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, and other procedures we consider necessary to enable us to express such opinions.

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to Members of the Board of County Commissioners and Other Elected Officials of Okaloosa County. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

#### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures - Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550.

#### **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Client's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550 require that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal and state statutes, regulations, and the terms and conditions of federal and state awards applicable to major programs and projects. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* and the *Florida Department of Financial Services' State Projects Compliance Supplements* for the types of compliance requirements that could have a direct and material effect on each of the Client's major programs and projects. The purpose of these procedures will be to express an opinion on the Client's compliance with requirements applicable to each of its major programs and projects in our report on compliance issued pursuant to the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, *Rules of the Auditor General*.

#### **Other Services**

We will also assist in preparing the financial statements, schedule of expenditures of federal awards and state projects, and related notes of the Client in conformity with U.S. generally accepted accounting principles and the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550 based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

#### **Management Responsibilities**

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, it is management's responsibility to evaluate and monitor noncompliance with federal and state statutes, regulations, and the terms and conditions of federal awards and state projects; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards and state financial assistance received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards and state financial assistance (including notes and noncash assistance received) in conformity with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550. You agree to include our report on the schedule of expenditures of federal awards and state financial assistance in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards and state financial assistance. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards and state financial assistance that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards and state financial assistance in accordance with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550; (2) you believe the schedule of expenditures of federal awards and state financial assistance, including its form and content, is stated fairly in accordance with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards and state financial assistance.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

#### **Engagement Administration**

We understand that your employees will prepare all cash, accounts receivable, revenue, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the County; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Warren Averett, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to cognizant or oversight agencies, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Warren Averett, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the cognizant agencies, oversight agencies, or pass-through entities. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.



Angela D. Balent, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2016 peer review accompanies this letter.

#### **Fees**

Our fee for these services will not exceed the fee limitations established in accordance with the auditing contract with Okaloosa County, (which can be found in Attachment I) unless the scope of the engagement is changed, the assistance which the Client has agreed to furnish is not provided, or unexpected conditions are encountered, in which case we will discuss the situation with Management before proceeding. We are currently under contract extension with Okaloosa County, Florida to provide audit services for the years ended September 30, 2019, 2020 and 2021. Annual engagement letters will be issued to ensure compliance with auditing standards in effect at the time the services are provided.

#### **Additional Services**

The Client (to include other elected officials of Okaloosa County) may request additional services relating to accounting, auditing and other special projects of Warren Averett, LLC as specified in the original request for proposal. The discounted hourly rates for any additional services requested can be found in Attachment I.

#### **Billing**

Invoices are issued as work is performed and we will progress bill during the period of August to March. The final 10% of our fee will be invoiced upon delivery of our opinions for inclusion in the Comprehensive Annual Financial Report. Invoices are due upon receipt. In the event that payment is not received within 30 days of the due date, the Client will be assessed interest charges of one percent per month on the unpaid balance. We reserve the right to suspend or terminate our work due to nonpayment. In the event that our work is suspended or terminated as a result of nonpayment, the Client agrees that we will not be responsible for the Client's failure to meet government and other filing deadlines, or for penalties or interest that may be assessed against the Client resulting from the Client's failure to meet such deadlines.

#### **Detection**

This engagement will not include any procedures designed to detect theft or illegal acts that are immaterial to the financial statements and the Client agrees that we will have no responsibility to do so.

#### **Employment**

In the event you desire to employ a current employee of Warren Averett, LLC or a previous employee of Warren Averett, LLC whose termination date is within 6 months of the date services were provided to you by us, you agree to consult with us concerning such employment. In addition, if you employ such employee, you agree Warren Averett, LLC has the option to receive a reasonable placement fee from you, in an amount determined by us not exceeding 25% of employee's annual compensation at the time of termination.

#### **Liability**

Warren Averett, LLC's maximum liability to the Client for any reason shall be limited to the fees paid by the Client for the services or work product giving rise to the liability except and to the extent finally determined to have resulted from our willful misconduct. Without limiting the foregoing, Warren Averett, LLC's liability under this agreement is limited to the actual and direct damages incurred by the Client arising out of or related to Warren Averett, LLC's performance hereunder. In no event shall Warren Averett, LLC be liable for any incidental, consequential, special, indirect, punitive or third-party damages or claims, including, without limitation, lost profits or revenue, lost savings, lost productivity, loss of data, loss of use of equipment and loss from interruption of business, regardless of whether the form of action is based upon breach of warranty, breach of contract, negligence, strict liability in tort or any other legal theory even if Warren Averett, LLC has been advised about the possibility of such damages.

### **Dispute Resolution**

The parties shall attempt to resolve any dispute arising under this Agreement by participating in mediation. The parties agree to share equally in the costs of such mediation. In the event the parties are unable to resolve the dispute through the mediation process, each party shall be free to pursue any other legal remedies.

### **Invalidation**

In the event that any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this agreement.

### **Disclosure**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

### **Term**

This agreement shall survive the termination of the Client's engagement of Warren Averett, LLC.

### **Amendment**

The terms and conditions of this agreement (i) apply exclusively to the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services") and do not apply to any other services specifically addressed in a separate Terms of Engagement entered into between Warren Averett, LLC and the Client. This agreement replaces and amends all previous Terms of Engagement entered into between Warren Averett, LLC and the Client for the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services"). This agreement does not impose upon Warren Averett, LLC any additional obligations or responsibilities with respect to any other Terms of Engagement entered into between Warren Averett, LLC and the Client.

### **Public Records: Warren Averett, LLC, will**

- Keep and maintain public records required by the County to perform the service.
- Upon request from the County's custodian of public records, provide the County with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in chapter 119 Florida Statutes or as otherwise provided by law.
- Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the County. The audit working papers shall remain the property of Warren Averett, LLC.
- Upon completion of the contract, transfer, at no cost, to the County all public records in possession of the contractor or keep and maintain public records required by the County to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon completion of the contract, the contractor shall meet all applicable requirements for retaining the public records. All records stored electronically must be provided to the public agency, upon the request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

**Audit**

The Client shall have the right from time to time at its sole expense to audit the compliance by Warren Averett, LLC with the terms, conditions, obligations, limitations, restrictions and requirements of this Agreement and such right shall extend for a period of three (3) years after termination of this Agreement. If the Client should choose to invoke this provision, the Client shall engage a CPA firm or a CPA, with recent peer review experience specific to governmental entities in Florida, to perform the function.

**Third Party Beneficiaries**

It is specifically agreed between the parties executing this Agreement that is not intended by any of the provisions of any part of the Agreement to create in the public or any member thereof, a third party beneficiary under this Agreement, or to authorize anyone not a party is this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms for provisions of this Agreement.

**Governing Law & Venue**

This Agreement shall be interpreted in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws. Venue for any legal proceedings arising out of this Agreement shall be in Okaloosa County, Florida.

**Insurance**

The Client's insurance requirements are contained in Attachment II to this Agreement. Warren Averett, LLC has insurance to meet the requirements.

**IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT OKALOOSA COUNTY RISK MANAGEMENT DEPARTMENT 5479 OLD BETHEL ROAD CRESTVIEW, FL 32536 PHONE: (850) 689-5977**

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

WARREN AVERETT  
BY: Angela D. Belant, CPA  
PRINT NAME: Angela D. Belant  
DATE: 7-16-2019

OKALOOSA COUNTY  
BY: Charles K. Windes, Jr.  
Okaloosa County Chairman of the Board  
PRINT NAME: Charles K. Windes, Jr.  
DATE: AUG 20 2019

OKALOOSA COUNTY  
BY: [Signature]  
Okaloosa County Administrator  
PRINT NAME: JOAN HOFSTAD  
DATE: 7-31-2019

**ATTACHMENT I**  
**Okaloosa County, Florida**  
**July 10, 2019**

**Audit Fees**

<b>FY 2019</b>	<b>\$240,236</b>
<b>FY 2020</b>	<b>\$245,040</b>
<b>FY 2021</b>	<b>\$249,941</b>

**Hourly Rates for Additional Professional Services**

<b>Partners</b>	<b>\$198</b>
<b>Managers &amp; Specialists</b>	<b>\$168</b>
<b>Supervisory Staff</b>	<b>\$114</b>
<b>Staff</b>	<b>\$103</b>



CERTIFIED PUBLIC ACCOUNTANTS  
CHATTANOOGA | MEMPHIS

## System Review Report

December 9, 2016

To The Partners  
Warren Averett, LLC  
And the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Warren Averett, LLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and SOC 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Warren Averett, LLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency* or *fail*. Warren Averett, LLC has received a peer review rating of *pass*.

*Henderson Hutcherson  
& McCullough, PLLC*

**GENERAL SERVICES INSURANCE REQUIREMENTS**

REVISED: 08/01/2018

**CONTRACTORS INSURANCE**

1. The Contractor shall not commence any work in connection with this Agreement until he has obtained all required insurance and such insurance has been approved by the Okaloosa County Risk Manager or designee.
2. All insurance policies shall be with insurers authorized to do business in the State of Florida.
3. All insurance shall include the interest of all entities named and their respective officials, employees & volunteers of each and all other interests as may be reasonably required by Okaloosa County. The coverage afforded the Additional Insured under this policy shall be primary insurance. If the Additional Insured have other insurance that is applicable to the loss, such other insurance shall be on an excess or contingent basis. The amount of the company's liability under this policy shall not be reduced by the existence of such other insurance.
4. Where applicable, the County shall be shown as an Additional Insured with a Waiver of Subrogation on the Certificate of Insurance.
5. The County shall retain the right to reject all insurance policies that do not meet the requirement of this Agreement. Further, the County reserves the right to change these insurance requirements with 60-day notice to the Contractor.
6. The County reserves the right at any time to require the Contractor to provide copies (redacted if necessary) of any insurance policies to document the insurance coverage specified in this Agreement.
7. The designation of Contractor shall include any associated or subsidiary company which is involved and is a part of the contract and such, if any associated or subsidiary company involved in the project must be named in the Workers' Compensation coverage.
8. Any exclusions or provisions in the insurance maintained by the Contractor that excludes coverage for work contemplated in this agreement shall be deemed unacceptable and shall be considered breach of contract.

**WORKERS' COMPENSATION INSURANCE**

1. The Contractor shall secure and maintain during the life of this Agreement Workers' Compensation insurance for all of his employees employed for the project or any site connected with the work, including supervision, administration or management, of

*OKALOOSA COUNTY*

this project and in case any work is sublet, with the approval of the County, the Contractor shall require the Subcontractor similarly to provide Workers' Compensation insurance for all employees employed at the site of the project, and such evidence of insurance shall be furnished to the County not less than ten (10) days prior to the commencement of any and all sub-contractual Agreements which have been approved by the County.

2. Contractor must be in compliance with all applicable State and Federal workers' compensation laws, including the U.S. Longshore Harbor Workers' Act or Jones Act, if applicable.
3. No class of employee, including the Contractor himself, shall be excluded from the Workers' Compensation insurance coverage. The Workers' Compensation insurance shall also include Employer's Liability coverage.

#### **BUSINESS AUTOMOBILE LIABILITY**

Coverage must be afforded for all Owned, Hired, Scheduled, and Non-Owned vehicles for Bodily Injury and Property Damage. If the contractor does not own vehicles, the contractor shall maintain coverage for Hired & Non-Owned Auto Liability, which may be satisfied by way of endorsement to the Commercial General Liability policy or separate Business Auto Policy. Contractor must maintain this insurance coverage throughout the life of this Agreement.

#### **COMMERCIAL GENERAL LIABILITY INSURANCE**

1. The Contractor shall carry other Commercial General Liability insurance against all other Bodily Injury, Property Damage and Personal and Advertising Injury exposures.
2. All liability insurance (other than Professional Liability) shall be written on an occurrence basis and shall not be written on a claims-made basis. If the insurance is issued with an aggregate limit of liability, the aggregate limit of liability shall apply only to the locations included in this Agreement. If, as the result of any claims or other reasons, the available limits of insurance reduce to less than those stated in the Limits of Liability, the Contractor shall notify the County representative in writing. The Contractor shall purchase additional liability insurance to maintain the requirements established in this Agreement. Umbrella or Excess Liability insurance can be purchased to meet the Limits of Liability specified in this Agreement.
3. Commercial General Liability coverage shall include the following:
  - 1.) Premises & Operations Liability
  - 2.) Bodily Injury and Property Damage Liability
  - 3.) Independent Contractors Liability
  - 4.) Contractual Liability
  - 5.) Products and Completed Operations Liability

- Contractor shall agree to keep in continuous force Commercial General Liability coverage for the length of the contract.

### **CYBER LIABILITY**

The Contractor shall carry Cyber Liability insurance coverage for third party liability. Coverage will include ID Theft Monitoring, Credit Monitoring (if necessary) & Notification. Coverage must be afforded for negligent retention of data as well as notification and related costs for actual or alleged breaches of data.

### **PROFESSIONAL LIABILITY and/or ERRORS AND OMISSIONS LIABILITY**

Coverage must be afforded for Wrongful Acts. Contractor must keep insurance in force until the third anniversary of expiration of this agreement or the third anniversary of acceptance of work by the County.

### **INSURANCE LIMITS OF LIABILITY**

The insurance required shall be written for not less than the following, or greater if required by law and shall include Employer's liability with limits as prescribed in this contract:

	<u>LIMIT</u>
1. Worker's Compensation	
1.) State	Statutory
2.) Employer's Liability	\$500,000 each accident
2. Business Automobile	\$1,000,000 each accident (A combined single limit)
3. Commercial General Liability	\$1,000,000 each occurrence for Bodily Injury & Property Damage \$1M each occurrence Products and completed operations
4. Personal and Advertising Injury	\$1,000,000 each occurrence
5. Professional Liability (E&O)	\$1,000,000 each claim
6. Cyber Liability	\$1,000,000 per claim

*OKALOOSA COUNTY*



## **NOTICE OF CLAIMS OR LITIGATION**

The Contractor agrees to report any incident or claim that results from performance of this Agreement. The County representative shall receive written notice in the form of a detailed written report describing the incident or claim within ten (10) days of the Contractor's knowledge. In the event such incident or claim involves injury and/or property damage to a third party, verbal notification shall be given the same day the Contractor becomes aware of the incident or claim followed by a written detailed report within ten (10) days of verbal notification.

## **INDEMNIFICATION & HOLD HARMLESS**

To the fullest extent permitted by law, Contractor shall indemnify and hold harmless the County, its officers and employees from liabilities, damages, losses, and costs including but not limited to reasonable attorney fees, to the extent caused by the negligence, recklessness, or wrongful conduct of the Contractor and other persons employed or utilized by the Contractor in the performance of this contract.

**Note: For Contractor's convenience, this certification form is enclosed and is made a part of the bid package.**

## **CERTIFICATE OF INSURANCE**

1. Certificates of insurance indicating the job site and evidencing all required coverage must be submitted not less than 10 days prior to the commencement of any of the work. The certificate holder(s) shall be as follows: Okaloosa County, 5479A Old Bethel Road, Crestview, Florida, 32536.
2. The contractor shall provide a Certificate of Insurance to the County with a thirty (30) day notice of cancellation; ten (10) days' notice if cancellation is for nonpayment of premium).
3. In the event that the insurer is unable to accommodate the cancellation notice requirement, it shall be the responsibility of the contractor to provide the proper notice. Such notification shall be in writing by registered mail, return receipt requested, and addressed to the Okaloosa County Purchasing Department at 5479-A Old Bethel Road, Crestview, FL 32536.
4. In the event the contract term goes beyond the expiration date of the insurance policy, the contractor shall provide the County with an updated Certificate of insurance no later than ten (10) days prior to the expiration of the insurance currently in effect. The County reserves the right to suspend the contract until this requirement is met.
5. The certificate shall indicate if coverage is provided under a claims-made or occurrence form. If any coverage is provided on a claims-made form, the certificate will show a retroactive date, which should be the same date of the initial contract or prior.

*OKALOOSA COUNTY*

6. All certificates shall be subject to Okaloosa County's approval of adequacy of protection and the satisfactory character of the Insurer.
7. All deductibles or SIRs, whether approved by Okaloosa County or not, shall be the Contractor's full responsibility. In particular, the Contractor shall afford full coverage as specified herein to entities listed as Additional Insured.
8. In no way will the entities listed as Additional Insured be responsible for, pay for, be damaged by, or limited to coverage required by this schedule due to the existence of a deductible or SIR.

### **GENERAL TERMS**

Any type of insurance or increase of limits of liability not described above which, the Contractor required for its own protection or on account of statute shall be its own responsibility and at its own expense.

Any exclusions or provisions in the insurance maintained by the contractor that excludes coverage for work contemplated in this contract shall be deemed unacceptable and shall be considered breach of contract.

The carrying of the insurance described shall in no way be interpreted as relieving the Contractor of any responsibility under this contract.

Should the Contractor engage a subcontractor or sub-subcontractor, the same conditions will apply under this Agreement to each subcontractor and sub-subcontractor.

The Contractor hereby waives all rights of subrogation against Okaloosa County and its consultants and other indemnities of the Contractor under all the foregoing policies of insurance.

### **UMBRELLA INSURANCE**

The Contractor shall have the right to meet the liability insurance requirements with the purchase of an umbrella insurance policy. In all instances, the combination of primary and umbrella liability coverage must equal or exceed the minimum liability insurance limits stated in this Agreement.

*OKALOOSA COUNTY*



**TERMS OF ENGAGEMENT**  
JULY 10, 2019

Warren Averett, LLC is pleased to confirm our understanding of the services we are to provide for the Board of County Commissioners of Okaloosa County, Florida (the "Client") and any of its affiliated entities. This agreement confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

**Services Provided**

We are pleased to confirm our understanding of the services we are to provide the Client for the year ended September 30, 2019. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Client as of and for the year ended September 30, 2019. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Client's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Client's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Changes in Total OPEB Liability and Related Ratios
- 3) Schedule of Proportionate Share of Net Pension Liability for the Florida Retirement System and Health Insurance Subsidy
- 4) Schedule of Contributions for the Florida Retirement System and Health Insurance Subsidy

In addition to the basic financial statements noted above, and as required by Florida Auditor General, we will audit the special purpose financial statements of the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections. We will perform the audit of Okaloosa County, Florida as of September 30, 2019 so as to satisfy the audit requirements imposed by the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the *Florida Single Audit Act* and Chapter 10.550, Rules of the Auditor General.

We have also been engaged to report on supplementary information other than RSI that accompanies the Client's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

**CONTRACT #: C16-2429-BCC**  
**WARREN AVERETT, LLC**  
**AUDIT FINANCIAL RECORDS**  
**EXPIRES: 9/30/2020 w/1 - 1 YR. RENEWAL**

## CONTRACT, LEASE, AGREEMENT CONTROL FORM

Date: 09-4-2018

Contract/Lease Control #: C16-2429-BCC

Procurement#: RFP 47-16

Contract/Lease Type: CONTRACT

Award To/Lessee: WARREN AVERETT, LLC

Owner/Lessor: OKALOOSA COUNTY

Effective Date: 08/03/2016

Expiration Date: 09/30/2019 W/3 1 YR RENEWALS

Description of Contract/Lease: AUDIT FINANICAL RECORDS

Department: BCC

Department Monitor: HOFSTAD

Monitor's Telephone #: 850-651-7515

Monitor's FAX # or E-mail: JHOFSTAD@MYOKALOOSA.COM

Closed:

Cc: Finance Department Contracts & Grants Office

**PROCUREMENT/CONTRACT/LEASE  
INTERNAL COORDINATION SHEET**

Procurement/Contract/Lease Number: C16-2024-BCC Tracking Number: 3199-19  
Procurement/Contractor/Lessee Name: Warren Brett Grant Funded: YES \_\_\_ NO X  
Purpose: Addendum  
Date/Term: 6-30-19 1.  GREATER THAN \$100,000  
Amount: 6,000 2.  GREATER THAN \$50,000  
Department: BCC 3.  \$50,000 OR LESS  
Dept. Monitor Name: Hofstad

**Purchasing Review**

Procurement or Contract/Lease requirements are met:  
White Date: 12-4-18  
Purchasing Manager or designee Jeff Hyde, DeRita Mason, Victoria Taravella

**2CFR Compliance Review (if required)**

Approved as written: no Date: \_\_\_\_\_  
Richard  
Grants Coordinator Danielle Garcia

**Risk Management Review**

Approved as written: see email attached Date: 12-11-18  
Risk Manager or designee Laura Porter or Krystal King

**County Attorney Review**

Approved as written: see email attached Date: 12-11-18  
County Attorney Gregory T. Stewart, Lynn Hoshihara, Kerry Parsons or Designee

Following Okaloosa County approval:

**Clerk Finance**

Document has been received: \_\_\_\_\_ Date: \_\_\_\_\_  
Finance Manager or designee

## DeRita Mason

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**From:** Parsons, Kerry <KParsons@ngn-tally.com>  
**Sent:** Saturday, December 08, 2018 2:59 PM  
**To:** DeRita Mason  
**Cc:** Lynn Hoshihara; Stephanie Herrick  
**Subject:** RE: Warren Averett

This is approved for legal and risk purposes.

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**From:** DeRita Mason [mailto:dmason@myokaloosa.com]  
**Sent:** Tuesday, December 04, 2018 9:44 AM  
**To:** Parsons, Kerry  
**Cc:** Lynn Hoshihara; Stephanie Herrick  
**Subject:** Warren Averett

Please review and approve.

Thank you,

DeRita



DeRita Mason  
Contracts and Lease Coordinator  
Okaloosa County Purchasing Department  
5479A Old Bethel Road  
Crestview, Florida 32536  
(850) 689-5960  
dmason@myokaloosa.com

"Please note: Due to Florida's very broad public records laws, most written communications to or from County employees regarding County business are public records, available to the public and media upon request. Therefore, this written e-mail communication, including your e-mail address, may be subject to public disclosure."

**CAUTION:** This email originated from outside the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

**CONTRACT#: C16-2429-BCC  
WARREN AVERETT, LLC  
AUDIT FINANCIAL RECORDS  
EXPIRES: 09/30/2019**

Addendum to Engagement Letter Dated 7/16/2018

The following serves as an addition to the last paragraph in **services provided**

We will examine the compliance requirements of the Client's transit program as of September 30, 2018 required under Title 49 U.S.C. 5355(a) for conformity in all material respects with the requirements of the Federal Transit Administration (FTA) as set forth in its applicable National Transit Database (NTD) Uniform System of Accounts (USOA). Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include tests of your records and other procedures we consider necessary to enable us to express an opinion as to whether the Board of County Commissioners of Okaloosa County, Florida, complied, in all material respects, with Title 49 U.S.C. 5335(a). If, for any reason, we are unable to complete the examination, we will not issue a report as a result of this engagement. Our examination engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, fraud, or other violations of laws or regulations, that may exist. However, we will inform you of any material errors or fraud that comes to our attention. We will also inform you of any other violations of laws or regulations that come to our attention, unless clearly inconsequential.

This addendum serves as an addition to the last sentence in **fees**:

The fee established for the audit for FY18 did not encompass examination of the compliance requirements of the Client's transit program required under Title 49 U.S.C. 5355(a) since such examination is required once every 10 years. The fee for this examination, which will be performed in conjunction with the annual audit, will be \$6,000.

**IN WITNESS WHEREOF**, the parties hereto have made and executed this Contract on the respective dates under each signature.

Warren Averett

BY: *Angela D. Beland*  
PRINT NAME Angela D. Beland  
DATE: 2-2-2019

Okaloosa County, Florida

BY: *Charles K. Windes, JR*  
PRINT NAME: Charles K. Windes, JR, Chairman  
DATE: 1/15/19

ATTEST:

BY: *J.D. Peacock II*  
PRINT NAME: J.D. Peacock II, Clerk



## CONTRACT, LEASE, AGREEMENT CONTROL FORM

Date: 09-24-2018

Contract/Lease Control #: C16-2429-BCC

Procurement#: RFP 47-16

Contract/Lease Type: CONTRACT

Award To/Lessee: WARREN AVERETT, LLC

Owner/Lessor: OKALOOSA COUNTY

Effective Date: 08/03/2016

Expiration Date: 09/30/2019 W/2 1 YR RENEWALS

Description of Contract/Lease: AUDIT FINANICAL RECORDS

Department: BCC

Department Monitor: HOFSTAD

Monitor's Telephone #: 850-651-7515

Monitor's FAX # or E-mail: JHOFSTAD@MYOKALOOSA.COM

Closed:

Cc: Finance Department Contracts & Grants Office



**PROCUREMENT/CONTRACT/LEASE  
INTERNAL COORDINATION SHEET**

Procurement/Contract/Lease Number: C16-2429-BCC Tracking Number: 307410  
Procurement/Contractor/Lessee Name: Warren Rantz Grant Funded: YES \_\_\_ NO X  
Purpose: engagement letter  
Date/Term: 9-30-19 1.  GREATER THAN \$100,000  
Amount: 235,000.00 2.  GREATER THAN \$50,000  
Department: BCC 3.  \$50,000 OR LESS  
Dept. Monitor Name: Hofstad

**Purchasing Review**

Procurement or Contract/Lease requirements are met:  
[Signature] Date: 7-31-18  
Purchasing Manager or designee Jeff Hyde, DeRita Mason

**2CFR Compliance Review (if required)**

Approved as written: no federal funds  
Date: \_\_\_\_\_  
Grants Coordinator Danielle Garcia

**Risk Management Review**

Approved as-written: add ins w/ Professional Liab (E+O)  
[Signature] Date: 8-1-18  
Risk Manager or designee Laura Porter or Krystal King

**County Attorney Review**

Approved as written: see email attached  
Date: 8-5-18  
County Attorney Gregory T. Stewart, Lynn Hoshihara, Kerry Parsons or Designee

Following Okaloosa County approval:

**Clerk Finance**

Document has been received:  
Date: \_\_\_\_\_  
Finance Manager or designee

## DeRita Mason

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**From:** Parsons, Kerry <KParsons@ngn-tally.com>  
**Sent:** Wednesday, August 22, 2018 8:05 AM  
**To:** DeRita Mason  
**Cc:** Hoshihara, Lynn; Jeffrey Hyde; Stephanie Herrick  
**Subject:** Re: Engagement letter

I don't have an issue with that but since it regards the insurance requirements you need to talk to risk.

Sent from my iPhone

On Aug 22, 2018, at 9:00 AM, DeRita Mason <[dmason@myokaloosa.com](mailto:dmason@myokaloosa.com)> wrote:

Will this be okay?  
Get [Outlook for iOS](#)

----- Forwarded message -----

**From:** "Angela Balent" <[Angela.Balent@warrenaverett.com](mailto:Angela.Balent@warrenaverett.com)>  
**Date:** Tue, Aug 21, 2018 at 9:23 AM -0500  
**Subject:** RE: Engagement letter  
**To:** "DeRita Mason" <[dmason@myokaloosa.com](mailto:dmason@myokaloosa.com)>

DeRita

Hello. I am not crazy about adding all of the verbiage to our actual engagement letter – I was hoping it would not be necessary based on the type of services we provide. Could it be referenced as an addendum rather than embedded in the letter itself.

**Angela Balent, CPA**  
(D) [850.275.1224](tel:850.275.1224)  
(C) [850.865.8434](tel:850.865.8434)

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**From:** DeRita Mason <[dmason@myokaloosa.com](mailto:dmason@myokaloosa.com)>  
**Sent:** Tuesday, August 21, 2018 9:16 AM

## DeRita Mason

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**From:** Parsons, Kerry <KParsons@ngn-tally.com>  
**Sent:** Sunday, August 05, 2018 7:28 PM  
**To:** Jeffrey Hyde  
**Cc:** DeRita Mason; Lynn Hoshihara  
**Subject:** RE: Okaloosa County Audit Engagement Letter

The Warren Averett Audit Engagement Letter is approved for legal purposes.

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**From:** Jeffrey Hyde [mailto:jhyde@myokaloosa.com]  
**Sent:** Tuesday, July 31, 2018 2:54 PM  
**To:** Parsons, Kerry; Lynn Hoshihara  
**Cc:** DeRita Mason  
**Subject:** FW: Okaloosa County Audit Engagement Letter

See attached – I'm assuming Greg had not reviewed this (?)  
Please review for legal sufficiency  
Thanks  
Jeff

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**From:** Angela Balent <Angela.Balent@warrenaverett.com>  
**Sent:** Monday, July 30, 2018 8:54 AM  
**To:** Jeffrey Hyde <jhyde@myokaloosa.com>  
**Cc:** Greg Stewart <gstewart@myokaloosa.com>  
**Subject:** Okaloosa County Audit Engagement Letter

Jeff

Good morning. Attached is our engagement letter for the audit of the Board and County as a whole for the year ended 09/30/2018. We have a contract with the County for these services but under generally accepted auditing standards we are also required to have an annual engagement letter. This version represents all required provisions as of last year but I am not sure if anything has changed. Please let me know if this is acceptable and I will sign and then take over to the Shalimar Annex for signature. Thanks for your help and I look forward to meeting you.



CONTRACT#: C16-2429-BCC  
WARREN AVERETT, LLC  
AUDIT FINANCIAL RECORDS  
EXPIRES: 09/30/2019 W/2 1 YR RENEWALS

**TERMS OF ENGAGEMENT**  
JULY 16, 2018

Warren Averett, LLC is pleased to confirm our understanding of the services we are to provide for the Board of County Commissioners of Okaloosa County, Florida (the "Client") and any of its affiliated entities. This agreement confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

**Services Provided**

We are pleased to confirm our understanding of the services we are to provide the Client for the year ended September 30, 2018. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Client as of and for the year ended September 30, 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Client's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Client's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Funding Progress – Post Employment Benefits Plan
- 3) Schedule of Proportionate Share of Net Pension Liability for the Florida Retirement System and Health Insurance Subsidy
- 4) Schedule of Contributions for the Florida Retirement System and Health Insurance Subsidy

In addition to the basic financial statements noted above, and as required by Florida Auditor General, we will audit the special purpose financial statements of the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections. We will perform the audit of Okaloosa County, Florida as of September 30, 2018 so as to satisfy the audit requirements imposed by the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the *Florida Single Audit Act* and Chapter 10.550, Rules of the Auditor General. We will also report on the County's Comprehensive Annual Financial Report (CAFR), and report on County funded court-related functions, in accordance with Sections 29.008 and 29.0085.

We have also been engaged to report on supplementary information other than RSI that accompanies the Client's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:





## TERMS OF ENGAGEMENT

JULY 16, 2018

Warren Averett, LLC is pleased to confirm our understanding of the services we are to provide for the Board of County Commissioners of Okaloosa County, Florida (the "Client") and any of its affiliated entities. This agreement confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

### Services Provided

We are pleased to confirm our understanding of the services we are to provide the Client for the year ended September 30, 2018. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Client as of and for the year ended September 30, 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Client's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Client's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Funding Progress – Post Employment Benefits Plan
- 3) Schedule of Proportionate Share of Net Pension Liability for the Florida Retirement System and Health Insurance Subsidy
- 4) Schedule of Contributions for the Florida Retirement System and Health Insurance Subsidy

In addition to the basic financial statements noted above, and as required by Florida Auditor General, we will audit the special purpose financial statements of the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections. We will perform the audit of Okaloosa County, Florida as of September 30, 2018 so as to satisfy the audit requirements imposed by the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the *Florida Single Audit Act* and Chapter 10.550, Rules of the Auditor General. We will also report on the County's Comprehensive Annual Financial Report (CAFR), and report on County funded court-related functions, in accordance with Sections 29.008 and 29.0085.

We have also been engaged to report on supplementary information other than RSI that accompanies the Client's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Expenditures of Federal Awards and/or State Financial Assistance (as applicable)
- 2) Schedule of Expenditures of Passenger Facility Charges
- 3) Combining and Individual Fund Statement of Schedules

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section
- 2) Statistical Schedules

We will examine the compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*, of the Board of County Commissioners of Okaloosa County, Florida, as of September 30, 2017. Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include tests of your records and other procedures we consider necessary to enable us to express an opinion as to whether the Board of County Commissioners of Okaloosa County, Florida, complied, in all material respects, with Chapter 10.550, *Rules of the Auditor General*. If, for any reason, we are unable to complete the examination, we will not issue a report as a result of this engagement. Our examination engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, fraud, or other violations of laws or regulations, that may exist. However, we will inform you of any material errors or fraud that comes to our attention. We will also inform you of any other violations of laws or regulations that come to our attention, unless clearly inconsequential.

#### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the *Florida Single Audit Act* and Chapter 10.550, *Rules of the Auditor General*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance and *Florida Single Audit Act* report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, *Florida Single Audit Act* and Chapter 10.550 *Rules of the Auditor General*. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Act Amendments of 1996; and the provisions of the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, *Rules of the Florida Auditor General*, and will include tests of accounting records, a determination of major program(s) in accordance with the

Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, and other procedures we consider necessary to enable us to express such opinions.

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to Members of the Board of County Commissioners and Other Elected Officials of Okaloosa County. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

#### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures - Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550.

#### **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Client's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550 require that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal and state statutes, regulations, and the terms and conditions of federal and state awards applicable to major programs and projects. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* and the *Florida Department of Financial Services' State Projects Compliance Supplements* for the types of compliance requirements that could have a direct and material effect on each of the Client's major programs and projects. The purpose of these procedures will be to express an opinion on the Client's compliance with requirements applicable to each of its major programs and projects in our report on compliance issued pursuant to the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, *Rules of the Auditor General*.

#### **Other Services**

We will also assist in preparing the financial statements, schedule of expenditures of federal awards and state projects, and related notes of the Client in conformity with U.S. generally accepted accounting principles and the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550 based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

#### **Management Responsibilities**

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.



Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, it is management's responsibility to evaluate and monitor noncompliance with federal and state statutes, regulations, and the terms and conditions of federal awards and state projects; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards and state financial assistance received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards and state financial assistance (including notes and noncash assistance received) in conformity with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550. You agree to include our report on the schedule of expenditures of federal awards and state financial assistance in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards and state financial assistance. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards and state financial assistance that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards and state financial assistance in accordance with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550; (2) you believe the schedule of expenditures of federal awards and state financial assistance, including its form and content, is stated fairly in accordance with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards and state financial assistance.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

#### **Engagement Administration**

We understand that your employees will prepare all cash, accounts receivable, revenue, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the County; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Warren Averett, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to cognizant or oversight agencies, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Warren Averett, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the cognizant agencies, oversight agencies, or pass-through entities. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Angela D. Balent, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2016 peer review accompanies this letter.

#### **Fees**

Our fee for these services will not exceed the fee limitations established in accordance with the auditing contract with Okaloosa County, (which can be found in Attachment I) unless the scope of the engagement is changed, the assistance which the Client has agreed to furnish is not provided, or unexpected conditions are encountered, in which case we will discuss the situation with Management before proceeding. We are currently under contract with Okaloosa County, Florida to provide audit services for the years ended September 30, 2018 and 2019 with an option for three one year extensions. Fees for the option years will be negotiated at renewal. Annual engagement letters will be issued to ensure compliance with auditing standards in effect at the time the services are provided.

#### **Additional Services**

The Client (to include other elected officials of Okaloosa County) may request additional services relating to accounting, auditing and other special projects of Warren Averett, LLC as specified in the original request for proposal. The discounted hourly rates for any additional services requested can be found in Attachment I.

#### **Billing**

Invoices are issued as work is performed and we will progress bill during the period of August to March. The final 10% of our fee will be invoiced upon delivery of our opinions for inclusion in the Comprehensive Annual Financial Report. Invoices are due upon receipt. In the event that payment is not received within 30 days of the due date, the Client will be assessed interest charges of one percent per month on the unpaid balance. We reserve the right to suspend or terminate our work due to nonpayment. In the event that our work is suspended or terminated as a result of nonpayment, the Client agrees that we will not be responsible for the Client's failure to meet government and other filing deadlines, or for penalties or interest that may be assessed against the Client resulting from the Client's failure to meet such deadlines.

#### **Detection**

This engagement will not include any procedures designed to detect theft or illegal acts that are immaterial to the financial statements and the Client agrees that we will have no responsibility to do so.

#### **Employment**

In the event you desire to employ a current employee of Warren Averett, LLC or a previous employee of Warren Averett, LLC whose termination date is within 6 months of the date services were provided to you by us, you agree to consult with us concerning such employment. In addition, if you employ such employee, you agree Warren Averett, LLC has the option to receive a reasonable placement fee from you, in an amount determined by us not exceeding 25% of employee's annual compensation at the time of termination.

#### **Liability**

Warren Averett, LLC's maximum liability to the Client for any reason shall be limited to the fees paid by the Client for the services or work product giving rise to the liability except and to the extent finally determined to have resulted from our willful misconduct. Without limiting the foregoing, Warren Averett, LLC's liability under this agreement is limited to the actual and direct damages incurred by the Client arising out of or related to Warren Averett, LLC's performance hereunder. In no event shall Warren Averett, LLC be liable for any incidental, consequential, special, indirect, punitive or third-party damages or claims, including, without limitation, lost profits or revenue, lost savings, lost productivity, loss of data, loss of use of equipment and loss from interruption of business, regardless of whether the form of action is based upon breach of warranty, breach of contract, negligence, strict liability in tort or any other legal theory even if Warren Averett, LLC has been advised about the possibility of such damages.

### **Dispute Resolution**

The parties shall attempt to resolve any dispute arising under this Agreement by participating in mediation. The parties agree to share equally in the costs of such mediation. In the event the parties are unable to resolve the dispute through the mediation process, each party shall be free to pursue any other legal remedies.

### **Invalidation**

In the event that any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this agreement.

### **Disclosure**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

### **Term**

This agreement shall survive the termination of the Client's engagement of Warren Averett, LLC.

### **Amendment**

The terms and conditions of this agreement (i) apply exclusively to the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services") and do not apply to any other services specifically addressed in a separate Terms of Engagement entered into between Warren Averett, LLC and the Client. This agreement replaces and amends all previous Terms of Engagement entered into between Warren Averett, LLC and the Client for the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services"). This agreement does not impose upon Warren Averett, LLC any additional obligations or responsibilities with respect to any other Terms of Engagement entered into between Warren Averett, LLC and the Client.

### **Public Records:** Warren Averett, LLC, will

- Keep and maintain public records required by the County to perform the service.
- Upon request from the County's custodian of public records, provide the County with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in chapter 119 Florida Statutes or as otherwise provided by law.
- Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the County. The audit working papers shall remain the property of Warren Averett, LLC.
- Upon completion of the contract, transfer, at no cost, to the County all public records in possession of the contractor or keep and maintain public records required by the County to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon completion of the contract, the contractor shall meet all applicable requirements for retaining the public records. All records stored electronically must be provided to the public agency, upon the request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

**Audit**

The Client shall have the right from time to time at its sole expense to audit the compliance by Warren Averett, LLC with the terms, conditions, obligations, limitations, restrictions and requirements of this Agreement and such right shall extend for a period of three (3) years after termination of this Agreement. If the Client should choose to invoke this provision, the Client shall engage a CPA firm or a CPA, with recent peer review experience specific to governmental entities in Florida, to perform the function.

**Third Party Beneficiaries**

It is specifically agreed between the parties executing this Agreement that is not intended by any of the provisions of any part of the Agreement to create in the public or any member thereof, a third party beneficiary under this Agreement, or to authorize anyone not a party is this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms for provisions of this Agreement.

**Governing Law & Venue**

This Agreement shall be interpreted in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws. Venue for any legal proceedings arising out of this Agreement shall be in Okaloosa County, Florida.

**Insurance**

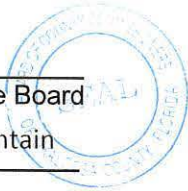
The Client's insurance requirements are contained in Attachment II to this Agreement. Warren Averett, LLC has insurance to meet the requirements.

**IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT OKALOOSA COUNTY RISK MANAGEMENT DEPARTMENT 5479 OLD BETHEL ROAD CRESTVIEW, FL 32536 PHONE: (850) 689-5977**

**IN WITNESS WHEREOF**, the parties hereto have made and executed this Contract on the respective dates under each signature.

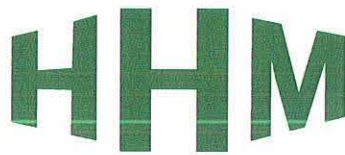
WARREN AVERETT  
BY: Angela D. Belsky CPA  
PRINT NAME: Angela D. Belsky, CPA  
DATE: 7-16-2018

OKALOOSA COUNTY  
BY: [Signature]  
Okaloosa County Chairman of the Board  
PRINT NAME: Graham W. Fountain  
DATE: 9/18/18



OKALOOSA COUNTY  
BY: [Signature]  
Okaloosa County Administrator  
PRINT NAME: John Hofstad  
DATE: 8/31/18





CERTIFIED PUBLIC ACCOUNTANTS  
CHATTANOOGA | MEMPHIS

## System Review Report

December 9, 2016

To The Partners  
Warren Averett, LLC  
And the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Warren Averett, LLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and SOC 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Warren Averett, LLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency* or *fail*. Warren Averett, LLC has received a peer review rating of *pass*.

Henderson Hutcherson  
c/o McCullough, PLLC

**ATTACHMENT I**  
**Okaloosa County, Florida**  
**July 16, 2018**

**Audit Fees**

<b>FY 2018</b>	<b>\$235,525</b>
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**Hourly Rates for Additional Professional Services**

<b>Partners</b>	<b>\$194</b>
<b>Managers &amp; Specialists</b>	<b>\$164</b>
<b>Supervisory Staff</b>	<b>\$110</b>
<b>Staff</b>	<b>\$100</b>

**ATTACHMENT II**  
**GENERAL SERVICES INSURANCE REQUIREMENTS**  
REVISED: 02/8/2018

**CONTRACTORS INSURANCE**

1. The Contractor shall not commence any work in connection with this Agreement until he has obtained all required insurance and such insurance has been approved by the Okaloosa County Risk Manager or designee.
2. All insurance policies shall be with insurers authorized to do business in the State of Florida.
3. All insurance shall include the interest of all entities named and their respective officials, employees & volunteers of each and all other interests as may be reasonably required by Okaloosa County. The coverage afforded the Additional Insured under this policy shall be primary insurance. If the Additional Insured have other insurance that is applicable to the loss, such other insurance shall be on an excess or contingent basis. The amount of the company's liability under this policy shall not be reduced by the existence of such other insurance.
4. Where applicable, the County shall be shown as an Additional Insured with a Waiver of Subrogation on the Certificate of Insurance.
5. The County shall retain the right to reject all insurance policies that do not meet the requirement of this Agreement. Further, the County reserves the right to change these insurance requirements with 60-day notice to the Contractor.
6. The County reserves the right at any time to require the Contractor to provide copies of any insurance policies to document the insurance coverage specified in this Agreement.
7. The designation of Contractor shall include any associated or subsidiary company which is involved and is a part of the contract and such, if any associated or subsidiary company involved in the project must be named in the Workers' Compensation coverage.
8. Any exclusions or provisions in the insurance maintained by the Contractor that excludes coverage for work contemplated in this agreement shall be deemed unacceptable and shall be considered breach of contract.

**WORKERS' COMPENSATION INSURANCE**

1. The Contractor shall secure and maintain during the life of this Agreement Workers' Compensation insurance for all of his employees employed for the project or any site



connected with the work, including supervision, administration or management, of this project and in case any work is sublet, with the approval of the County, the Contractor shall require the Subcontractor similarly to provide Workers' Compensation insurance for all employees employed at the site of the project, and such evidence of insurance shall be furnished to the County not less than ten (10) days prior to the commencement of any and all sub-contractual Agreements which have been approved by the County.

2. Contractor must be in compliance with all applicable State and Federal workers' compensation laws, including the U.S. Longshore Harbor Workers' Act or Jones Act, if applicable.
3. No class of employee, including the Contractor himself, shall be excluded from the Workers' Compensation insurance coverage. The Workers' Compensation insurance shall also include Employer's Liability coverage.

#### **BUSINESS AUTOMOBILE LIABILITY**

Coverage must be afforded for all Owned, Hired, Scheduled, and Non-Owned vehicles for Bodily Injury and Property Damage. If the contractor does not own vehicles, the contractor shall maintain coverage for Hired & Non-Owned Auto Liability, which may be satisfied by way of endorsement to the Commercial General Liability policy or separate Business Auto Policy. Contractor must maintain this insurance coverage throughout the life of this Agreement.

#### **COMMERCIAL GENERAL LIABILITY INSURANCE**

1. The Contractor shall carry other Commercial General Liability insurance against all other Bodily Injury, Property Damage and Personal and Advertising Injury exposures.
2. All liability insurance (other than Professional Liability) shall be written on an occurrence basis and shall not be written on a claims-made basis. If the insurance is issued with an aggregate limit of liability, the aggregate limit of liability shall apply only to the locations included in this Agreement. If, as the result of any claims or other reasons, the available limits of insurance reduce to less than those stated in the Limits of Liability, the Contractor shall notify the County representative in writing. The Contractor shall purchase additional liability insurance to maintain the requirements established in this Agreement. Umbrella or Excess Liability insurance can be purchased to meet the Limits of Liability specified in this Agreement.
3. Commercial General Liability coverage shall include the following:
  - 1.) Premises & Operations Liability
  - 2.) Bodily Injury and Property Damage Liability
  - 3.) Independent Contractors Liability
  - 4.) Contractual Liability

5.) Products and Completed Operations Liability

4. Contractor shall agree to keep in continuous force Commercial General Liability coverage for the length of the contract.

**PROFESSIONAL LIABILITY and/or ERRORS AND OMISSIONS LIABILITY**

Coverage must be afforded for Wrongful Acts. Contractor must keep insurance in force until the third anniversary of expiration of this agreement or the third anniversary of acceptance of work by the County.

**LIMITS OF LIABILITY**

The insurance required shall be written for not less than the following, or greater if required by law and shall include Employer's liability with limits as prescribed in this contract:

	<u>LIMIT</u>
1. Worker's Compensation	
1.) State	Statutory
2.) Employer's Liability	\$500,000 each accident
2. Business Automobile	\$1M each occurrence (A combined single limit)
3. Commercial General Liability	\$1M each occurrence for Bodily Injury & Property Damage \$1M each occurrence Products and completed operations
4. Personal and Advertising Injury	\$1M each occurrence
5. Professional Liability (E&O)	\$1M each claim

**NOTICE OF CLAIMS OR LITIGATION**

The Contractor agrees to report any incident or claim that results from performance of this Agreement. The County representative shall receive written notice in the form of a detailed written report describing the incident or claim within ten (10) days of the Contractor's knowledge. In the event such incident or claim involves injury and/or property damage to a third party, verbal notification shall be given the same day the Contractor becomes aware of the incident or claim followed by a written detailed report within ten (10) days of verbal notification.

## **INDEMNIFICATION & HOLD HARMLESS**

To the fullest extent permitted by law, Contractor shall indemnify and hold harmless the County, its officers and employees from liabilities, damages, losses, and costs including but not limited to reasonable attorney fees, to the extent caused by the negligence, recklessness, or wrongful conduct of the Contractor and other persons employed or utilized by the Contractor in the performance of this contract.

**Note: For Contractor's convenience, this certification form is enclosed and is made a part of the bid package.**

## **CERTIFICATE OF INSURANCE**

1. Certificates of insurance indicating the job site and evidencing all required coverage must be submitted not less than 10 days prior to the commencement of any of the work. The certificate holder(s) shall be as follows: Okaloosa County, 5479A Old Bethel Road, Crestview, Florida, 32536.
2. The contractor shall provide a Certificate of Insurance to the County with a thirty (30) day notice of cancellation; ten (10 days' notice if cancellation is for nonpayment of premium).
3. In the event that the insurer is unable to accommodate the cancellation notice requirement, it shall be the responsibility of the contractor to provide the proper notice. Such notification shall be in writing by registered mail, return receipt requested, and addressed to the Okaloosa County Purchasing Department at 5479-A Old Bethel Road, Crestview, FL 32536.
4. In the event the contract term goes beyond the expiration date of the insurance policy, the contractor shall provide the County with an updated Certificate of insurance no later than ten (10) days prior to the expiration of the insurance currently in effect. The County reserves the right to suspend the contract until this requirement is met.
5. The certificate shall indicate if coverage is provided under a claims-made or occurrence form. If any coverage is provided on a claims-made form, the certificate will show a retroactive date, which should be the same date of the initial contract or prior.
6. All certificates shall be subject to Okaloosa County's approval of adequacy of protection and the satisfactory character of the Insurer. County reserves the right to approve or reject any deductible/SIR above \$10,000. The Certificates of Insurance shall disclose any and all deductibles or self-insured retentions (SIRs).
7. All deductibles or SIRs, whether approved by Okaloosa County or not, shall be the Contractor's full responsibility. In particular, the Contractor shall afford full coverage as specified herein to entities listed as Additional Insured.

8. In no way will the entities listed as Additional Insured be responsible for, pay for, be damaged by, or limited to coverage required by this schedule due to the existence of a deductible or SIR. Specific written approval from Okaloosa County will only be provided upon demonstration that the Contractor has the financial capability and funds necessary to cover the responsibilities incurred as a result of the deductible or SIR.

## **GENERAL TERMS**

Any type of insurance or increase of limits of liability not described above which, the Contractor required for its own protection or on account of statute shall be its own responsibility and at its own expense.

Any exclusions or provisions in the insurance maintained by the contractor that excludes coverage for work contemplated in this contract shall be deemed unacceptable and shall be considered breach of contract.

The carrying of the insurance described shall in no way be interpreted as relieving the Contractor of any responsibility under this contract.

Should the Contractor engage a subcontractor or sub-subcontractor, the same conditions will apply under this Agreement to each subcontractor and sub-subcontractor.

The Contractor hereby waives all rights of subrogation against Okaloosa County and its consultants and other indemnities of the Contractor under all the foregoing policies of insurance.

## **UMBRELLA INSURANCE**

The Contractor shall have the right to meet the liability insurance requirements with the purchase of an umbrella insurance policy. In all instances, the combination of primary and umbrella liability coverage must equal or exceed the minimum liability insurance limits stated in this Agreement.

**Contract # C17-2596-BCC  
WARREN AVERETT, LLC  
AUDIT FINANCIAL RECORDS  
EXPIRES: 09/30/2017**



**TERMS OF ENGAGEMENT  
JULY 28, 2017**

Warren Averett, LLC is pleased to confirm our understanding of the services we are to provide for the Board of County Commissioners of Okaloosa County, Florida (the "Client") and any of its affiliated entities. This agreement confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

**Services Provided**

We are pleased to confirm our understanding of the services we are to provide the Client for the year ended September 30, 2017. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Client as of and for the year ended September 30, 2017. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Client's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Client's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Funding Progress – Post Employment Benefits Plan
- 3) Schedule of Proportionate Share of Net Pension Liability for the Florida Retirement System and Health Insurance Subsidy
- 4) Schedule of Contributions for the Florida Retirement System and Health Insurance Subsidy

In addition to the basic financial statements noted above, and as required by Florida Auditor General, we will audit the special purpose financial statements of the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections. We will perform the audit of Okaloosa County, Florida as of September 30, 2017 so as to satisfy the audit requirements imposed by the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the *Florida Single Audit Act* and Chapter 10.550, Rules of the Auditor General. We will also report on the County's Comprehensive Annual Financial Report (CAFR), and report on County funded court-related functions, in accordance with Sections 29.008 and 29.0085.

We have also been engaged to report on supplementary information other than RSI that accompanies the Client's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Expenditures of Federal Awards and/or State Financial Assistance (as applicable)

- 2) Schedule of Expenditures of Passenger Facility Charges
- 3) Combining and Individual Fund Statement of Schedules

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section
- 2) Statistical Schedules

We will examine the compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*, of the Board of County Commissioners of Okaloosa County, Florida, as of September 30, 2017. Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include tests of your records and other procedures we consider necessary to enable us to express an opinion as to whether the Board of County Commissioners of Okaloosa County, Florida, complied, in all material respects, with Chapter 10.550, *Rules of the Auditor General*. If, for any reason, we are unable to complete the examination, we will not issue a report as a result of this engagement. Our examination engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, fraud, or other violations of laws or regulations, that may exist. However, we will inform you of any material errors or fraud that comes to our attention. We will also inform you of any other violations of laws or regulations that come to our attention, unless clearly inconsequential.

#### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the *Florida Single Audit Act* and Chapter 10.550, *Rules of the Auditor General*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance and *Florida Single Audit Act* report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, *Florida Single Audit Act* and Chapter 10.550 *Rules of the Auditor General*. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Act Amendments of 1996; and the provisions of the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, *Rules of the Florida Auditor General*, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, and other procedures we consider necessary to enable us to express such opinions.



We will issue written reports upon completion of our Single Audit. Our reports will be addressed to Members of the Board of County Commissioners and Other Elected Officials of Okaloosa County. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

#### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures - Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be

necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550.

#### **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Client's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550 require that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal and state statutes, regulations, and the terms and conditions of federal and state awards applicable to major programs and projects. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* and the *Florida Department of Financial Services' State Projects Compliance Supplements* for the types of compliance requirements that could have a direct and material effect on each of the Client's major programs and projects. The purpose of these procedures will be to express an opinion on the Client's compliance with requirements applicable to each of its major programs and projects in our report on compliance issued pursuant to the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, *Rules of the Auditor General*.

#### **Other Services**

We will also assist in preparing the financial statements, schedule of expenditures of federal awards and state projects, and related notes of the Client in conformity with U.S. generally accepted accounting principles and the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550 based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

#### **Management Responsibilities**

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, (3) additional information that we may request for the purpose of the audit, and (4)



unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550, it is management's responsibility to evaluate and monitor noncompliance with federal and state statutes, regulations, and the terms and conditions of federal awards and state projects; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards and state financial assistance received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards and state financial assistance (including notes and noncash assistance received) in conformity with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550. You agree to include our report on the schedule of expenditures of federal awards and state financial assistance in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards and state financial assistance. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards and state financial assistance that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards and state financial assistance in accordance with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550; (2) you believe the schedule of expenditures of federal awards and state financial assistance, including its form and content, is stated fairly in accordance with the Uniform Guidance, the *Florida Single Audit Act* and Chapter 10.550; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards and state financial assistance.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits,

attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards and state financial assistance, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

### **Engagement Administration**

We understand that your employees will prepare all cash, accounts receivable, revenue, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the County; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Warren Averett, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to cognizant or oversight agencies, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Warren Averett, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the cognizant agencies, oversight agencies, or pass-through entities. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Angela D. Balent, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2016 peer review accompanies this letter.

### **Fees**

Our fee for these services will not exceed the fee limitations established in accordance with the auditing contract with Okaloosa County, (which can be found in Attachment I) unless the scope of the engagement is changed, the assistance which the Client has agreed to furnish is not provided, or unexpected conditions

are encountered, in which case we will discuss the situation with Management before proceeding. We are currently under contract with Okaloosa County, Florida to provide audit services for the years ended September 30, 2017 and 2018 with an option for three one year extensions. Fees for the option years will be negotiated at renewal. Annual engagement letters will be issued to ensure compliance with auditing standards in effect at the time the services are provided.

#### **Additional Services**

The Client (to include other elected officials of Okaloosa County) may request additional services relating to accounting, auditing and other special projects of Warren Averett, LLC as specified in the original request for proposal. The discounted hourly rates for any additional services requested can be found in Attachment I.

#### **Billing**

Invoices are issued as work is performed and we will progress bill during the period of August to March. The final 10% of our fee will be invoiced upon delivery of our opinions for inclusion in the Comprehensive Annual Financial Report. Invoices are due upon receipt. In the event that payment is not received within 30 days of the due date, the Client will be assessed interest charges of one percent per month on the unpaid balance. We reserve the right to suspend or terminate our work due to nonpayment. In the event that our work is suspended or terminated as a result of nonpayment, the Client agrees that we will not be responsible for the Client's failure to meet government and other filing deadlines, or for penalties or interest that may be assessed against the Client resulting from the Client's failure to meet such deadlines.

#### **Detection**

This engagement will not include any procedures designed to detect theft or illegal acts that are immaterial to the financial statements and the Client agrees that we will have no responsibility to do so.

#### **Employment**

In the event you desire to employ a current employee of Warren Averett, LLC or a previous employee of Warren Averett, LLC whose termination date is within 6 months of the date services were provided to you by us, you agree to consult with us concerning such employment. In addition, if you employ such employee, you agree Warren Averett, LLC has the option to receive a reasonable placement fee from you, in an amount determined by us not exceeding 25% of employee's annual compensation at the time of termination.

#### **Liability**

Warren Averett, LLC's maximum liability to the Client for any reason shall be limited to the fees paid by the Client for the services or work product giving rise to the liability except and to the extent finally determined to have resulted from our willful misconduct. Without limiting the foregoing, Warren Averett, LLC's liability under this agreement is limited to the actual and direct damages incurred by the Client arising out of or related to Warren Averett, LLC's performance hereunder. In no event shall Warren Averett, LLC be liable for any incidental, consequential, special, indirect, punitive or third-party damages or claims, including, without limitation, lost profits or revenue, lost savings, lost productivity, loss of data, loss of use of equipment and loss from interruption of business, regardless of whether the form of action is based upon breach of warranty, breach of contract, negligence, strict liability in tort or any other legal theory even if Warren Averett, LLC has been advised about the possibility of such damages.

#### **Dispute Resolution**

The parties shall attempt to resolve any dispute arising under this Agreement by participating in mediation. The parties agree to share equally in the costs of such mediation. In the event the parties are unable to resolve the dispute through the mediation process, each party shall be free to pursue any other legal remedies.

#### **Invalidation**

In the event that any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this agreement.

#### **Disclosure**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In

addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

#### **Term**

This agreement shall survive the termination of the Client's engagement of Warren Averett, LLC.

#### **Amendment**

The terms and conditions of this agreement (i) apply exclusively to the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services") and do not apply to any other services specifically addressed in a separate Terms of Engagement entered into between Warren Averett, LLC and the Client. This agreement replaces and amends all previous Terms of Engagement entered into between Warren Averett, LLC and the Client for the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services"). This agreement does not impose upon Warren Averett, LLC any additional obligations or responsibilities with respect to any other Terms of Engagement entered into between Warren Averett, LLC and the Client.

#### **Public Records:** Warren Averett, LLC, will

- Keep and maintain public records required by the County to perform the service.
- Upon request from the County's custodian of public records, provide the County with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in chapter 119 Florida Statutes or as otherwise provided by law.
- Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the County. The audit working papers shall remain the property of Warren Averett, LLC.
- Upon completion of the contract, transfer, at no cost, to the County all public records in possession of the contractor or keep and maintain public records required by the County to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon completion of the contract, the contractor shall meet all applicable requirements for retaining the public records. All records stored electronically must be provided to the public agency, upon the request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

#### **Audit**

The Client shall have the right from time to time at its sole expense to audit the compliance by Warren Averett, LLC with the terms, conditions, obligations, limitations, restrictions and requirements of this Agreement and such right shall extend for a period of three (3) years after termination of this Agreement. If the Client should choose to invoke this provision, the Client shall engage a CPA firm or a CPA, with recent peer review experience specific to governmental entities in Florida, to perform the function.

#### **Third Party Beneficiaries**

It is specifically agreed between the parties executing this Agreement that is not intended by any of the provisions of any part of the Agreement to create in the public or any member thereof, a third party beneficiary under this Agreement, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms for provisions of this Agreement.

#### **Governing Law & Venue**


This Agreement shall be interpreted in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws. Venue for any legal proceedings arising out of this Agreement shall be in Okaloosa County, Florida.

IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT OKALOOSA COUNTY RISK MANAGEMENT DEPARTMENT 5479 OLD BETHEL ROAD CRESTVIEW, FL 32536 PHONE: (850) 689-5977

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

WARREN AVERETT  
BY: Angela D. Balant, CPA  
PRINT NAME: Angela D. Balant, CPA  
DATE: 7-28-2017

OKALOOSA COUNTY  
BY: Carolyn N. Ketchel  
Okaloosa County Chairman of the Board  
PRINT NAME: Carolyn N. Ketchel  
DATE: 16 Aug 2017  
OKALOOSA COUNTY  
BY: John Hofstad  
Okaloosa County Administrator  
John Hofstad  
PRINT NAME: \_\_\_\_\_  
DATE: 8/15/17



**ATTACHMENT I**  
**Okaloosa County, Florida**  
**July 28, 2017**

**Audit Fees**

<b>FY 2017</b>	<b>\$230,907</b>
<b>FY 2018</b>	<b>\$235,525</b>

**Hourly Rates for Additional Professional Services**

<b>Partners</b>	<b>\$194</b>
<b>Managers &amp; Specialists</b>	<b>\$164</b>
<b>Supervisory Staff</b>	<b>\$110</b>
<b>Staff</b>	<b>\$100</b>



CERTIFIED PUBLIC ACCOUNTANTS  
CHATTANOOGA | MEMPHIS

## System Review Report

December 9, 2016

To The Partners  
Warren Averett, LLC  
And the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Warren Averett, LLC (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and SOC 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Warren Averett, LLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency* or *fail*. Warren Averett, LLC has received a peer review rating of *pass*.

Henderson Hutcherson  
& McCullough, PLLC



C16-2429-BCC

Client#: 154359

22WARRENAVER3

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 07/05/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER: J Smith Lanier & Co-Birmingham, Marsh & McLennan Agency, LLC, 10 Inverness Center Pkwy, Birmingham, AL 35242. CONTACT NAME: Adrienne Lamon, PHONE: 205 969-2131, FAX: 205 969-1034, E-MAIL ADDRESS: alamon@jsmithlanier.com. INSURER(S) AFFORDING COVERAGE: Valley Forge Insurance Co. (20508), Continental Insurance Company (35289), Transportation Insurance Co. (20494).

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

Table with columns: INSR LTR, TYPE OF INSURANCE, ADDL INSR, SUBR WVD, POLICY NUMBER, POLICY EFF (MM/DD/YYYY), POLICY EXP (MM/DD/YYYY), LIMITS. Includes Commercial General Liability, Automobile Liability, Umbrella Liab, Workers Compensation, and Proprietor/Partner/Executive Officer/Member Excluded.

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required) Okaloosa County, The Emerald Coast Convention Center, and all officers thereof are included as Additional Insured as per written contract with respects to the General Liability policy described above and subject to provisions and limitations of the policy. Contract # C16-2429-BCC WARREN AVERETT, LLC AUDIT FINANCIAL SERVICES EXPIRES: 09/30/2018 W/3 1 YR RENEWALS

CERTIFICATE HOLDER: Okaloosa County, Emerald Coast Convention Center, 1250 Miracle Strip Parkway SE, Fort Walton Beach, FL 32548. CANCELLATION: SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE: [Signature]



## CONTRACT & LEASE INTERNAL COORDINATION SHEET

Contract/Lease Number: <u>C16-2429 BCC</u>	Tracking Number: <u>2387-17</u>
Contractor/Lessee Name: <u>Warren Averett</u>	Grant Funded: YES ___ NO ___
Purpose: <u>Terms of engagement</u>	
Date/Term: _____	1. <input type="checkbox"/> GREATER THAN \$50,000
Amount: _____	2. <input type="checkbox"/> GREATER THAN \$25,000
Department: <u>BCC</u>	3. <input type="checkbox"/> \$25,000 OR LESS
Dept. Monitor Name: <u>Hofstad</u>	
Document has been reviewed and includes any attachments or exhibits.	

### Purchasing Review

Procurement requirements are met:

DeRita Mason  
Purchasing Director or designee

Date: 4-26-17

~~Greg Kisela, Charles Powell, DeRita Mason, Matthew Young.~~

### Risk Management Review

Approved as written:

Krystal King  
Risk Manager or designee

Date: 4-27-17

Laura Porter or Krystal King

### County Attorney Review

Approved as written:

see email attached

Date: 4-26-17

County Attorney

Gregory T. Stewart, Lynn Hoshihara, Kerry Parsons or Designee

Following Okaloosa County approval:

### Contracts & Grants

Document has been received:

\_\_\_\_\_  
Contracts & Grants Manager

Date: \_\_\_\_\_

## DeRita Mason

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**From:** Parsons, Kerry <KParsons@ngn-tally.com>  
**Sent:** Wednesday, April 26, 2017 8:43 PM  
**To:** DeRita Mason  
**Cc:** Lynn Hoshihara  
**Subject:** RE: services at W&S

Hey DeRita:

This is approved for legal purposes.

Kerry

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**From:** DeRita Mason [mailto:dmason@co.okaloosa.fl.us]  
**Sent:** Wednesday, April 26, 2017 10:13 AM  
**To:** Parsons, Kerry  
**Cc:** Lynn Hoshihara  
**Subject:** FW: services at W&S

Please review and approve.

Thank you,

DeRita

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**From:** Greg Kisela  
**Sent:** Wednesday, April 26, 2017 9:12 AM  
**To:** DeRita Mason <dmason@co.okaloosa.fl.us>  
**Subject:** FW: services at W&S

DeRita: Please route this assignment under financial auditing services for internal coordination.

Thanks.

Greg

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**From:** Angela Balent [mailto:Angela.Balent@warrenaverett.com]  
**Sent:** Wednesday, April 26, 2017 7:47 AM  
**To:** Greg Kisela <gkisela@co.okaloosa.fl.us>  
**Cc:** John Hofstad <jhofstad@co.okaloosa.fl.us>; Kay Godwin <kgodwin@co.okaloosa.fl.us>; Jeff Littrell <jlittrell@co.okaloosa.fl.us>; Mark Wise <mwise@co.okaloosa.fl.us>; Greg Stewart <gstewart@co.okaloosa.fl.us>  
**Subject:** services at W&S

Greg,

Good morning. The water and sewer department has asked for our assistance as outlined in the attached document. I have used a format previously approved by Greg Stewart. We have already had an initial meeting due to the nature of request and we can hand deliver this letter to John for execution if the process and language meets your satisfaction. Thank you for your help and let me know your thoughts.

**TERMS OF ENGAGEMENT**  
**ASSIGNMENT UNDER FINANCIAL AUDITING SERVICES CONTRACT C16-2429-BCC**  
**APRIL 19, 2017**

1. **ENGAGEMENT:** Warren Averett, LLC is pleased to confirm our understanding of the services we are to provide for Okaloosa County, Florida (the "Client") and any of its affiliated entities. This agreement confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.
2. **SERVICES PROVIDED:** Warren Averett, LLC's general scope of services will be to assist Water and Sewer management as needed as it relates to consultation on the design of internal controls and recordkeeping regarding non site specific taps sold to third parties in the mid 1980's as well as investigation into a potential override of existing controls. This agreement would be for the period of April 19, 2017 to June 30, 2017. Water and Sewer management agrees to assume all management responsibilities for these services by designating an individual who will oversee the service, evaluate the adequacy and results of service performed, and accept responsibility for the services.
3. **DETECTION:** This engagement will not include any procedures designed to detect theft or illegal acts that are immaterial to the financial statements, and the Client agrees that we will have no responsibility to do so.
4. **FEES:** Our fees for these services will not exceed \$15,200 based on 80 hours of work which is based on our agreed upon rates in our proposal dated April 25, 2016 for partners of \$190. You will be billed for the actual hours incurred to complete the requested services which will be issued under individual task orders. Any hours necessary in excess of the 80 to complete the project shall only be billed if authorized in writing by you.
5. **BILLING:** Invoices are due upon receipt. In the event that payment is not received within 30 days of the due date, the Client will be assessed interest charges of one percent per month on the unpaid balance. We reserve the right to suspend or terminate our work due to nonpayment. In the event that our work is suspended or terminated as a result of nonpayment, the Client agrees that we will not be responsible for the Client's failure to meet government and other filing deadlines, or for penalties or interest that may be assessed against the Client resulting from the Client's failure to meet such deadlines.
6. **EMPLOYMENT:** In the event you desire to employ a current employee of Warren Averett, LLC or a previous employee of Warren Averett, LLC whose termination date is within 6 months of the date services were provided to you by us, you agree to consult with us concerning such employment. In addition, if you employ such employee, you agree Warren Averett, LLC has the option to receive a reasonable placement fee from you, in an amount determined by us not exceeding 25% of employee's annual compensation at the time of termination.
7. **LIABILITY:** Warren Averett, LLC's maximum liability to the Client for any reason shall be limited to the fees paid by the Client for the services or work product giving rise to the liability except and to the extent finally determined to have resulted from our willful misconduct. Without limiting the foregoing, Warren Averett, LLC's liability under this agreement is limited to the actual and direct damages incurred by the Client arising out of or related to Warren Averett, LLC's performance hereunder. In no event shall Warren Averett, LLC be liable for any incidental, consequential, special, indirect, punitive or third-party damages or claims, including, without limitation, lost profits or revenue, lost savings, lost productivity, loss of data, loss of use of equipment and loss from interruption of business, regardless of whether the form of action is based upon breach of warranty, breach of contract, negligence, strict liability in tort or any other legal theory even if Warren Averett, LLC has been advised about the possibility of such damages.
8. **DISPUTE RESOLUTION:** The parties shall attempt to resolve any dispute arising under this Agreement by participating in mediation. The parties agree to share equally in the costs of such mediation. In the event the parties are unable to resolve the dispute through the mediation process, each party shall be free to pursue any other legal remedies.
9. **INVALIDATION:** In the event that any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this agreement.

10. **DISCLOSURE:** From time to time, we may disclose your information to a service bureau that assists us in providing data processing services. We have secured agreements with these service bureaus to maintain the confidentiality of your information. Warren Averett, LLC will remain responsible for the work provided by any of these service bureaus.

11. **TERM:** This agreement shall survive the termination of the Client's engagement of Warren Averett, LLC.

12. **AMENDMENT:** The terms and conditions of this agreement (i) apply exclusively to the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services") and do not apply to any other services specifically addressed in a separate Terms of Engagement entered into between Warren Averett, LLC and the Client. This agreement replaces and amends all previous Terms of Engagement entered into between Warren Averett, LLC and the Client for the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services"). This agreement does not impose upon Warren Averett, LLC any additional obligations or responsibilities with respect to any other Terms of Engagement entered into between Warren Averett, LLC and the Client. Any future amendments will be in writing and executed by both parties.

13. **PUBLIC RECORDS:** Warren Averett, LLC, will:

- Keep and maintain public records required by the County to perform the service.
- Upon request from the County's custodian of public records, provide the County with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in chapter 119 Florida Statutes or as otherwise provided by law. The audit working papers shall remain the property of Warren Averett, LLC.
- Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the County.
- Upon completion of the contract, transfer, at no cost, to the County all public records in possession of the contractor or keep and maintain public records required by the County to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon completion of the contract, the contractor shall meet all applicable requirements for retaining the public records. All records stored electronically must be provided to the public agency, upon the request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

14. **AUDIT:** The County and or its designee shall have the right from time to time at its sole expense to audit the compliance by Warren Averett, LLC with the terms, conditions, obligations, limitations, restrictions and requirements of this Agreement and such right shall extend for a period of three (3) years after termination of this Agreement. If the County should choose to invoke this provision, the County shall engage a CPA firm or a CPA, with recent peer review experience specific to governmental entities in Florida, to perform the function.

15. **THIRD PARTY BENEFICIARIES:** It is specifically agreed between the parties executing this Agreement that it is not intended by any of the provisions of any part of the Agreement to create in the public or any member thereof, a third party beneficiary under this Agreement, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement.

16. **GOVERNING LAW & VENUE:** This Agreement shall be interpreted in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws. Venue for any legal proceedings arising out of this Agreement shall be in Okaloosa County, Florida.

IF WARREN AVERETT HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO WARREN AVERETT'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT OKALOOSA COUNTY RISK MANAGEMENT DEPARTMENT 5479 OLD BETHEL ROAD CRESTVIEW, FL 32536 PHONE: (850) 689-5977 [riskinfo@co.okaloosa.fl.us](mailto:riskinfo@co.okaloosa.fl.us).

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

WITNESS: \_\_\_\_\_

PRINT NAME: 

DATE: 4/21/17 **Greg Kisela**

ATTEST: \_\_\_\_\_

BY: \_\_\_\_\_

WARREN AVERETT

BY: 

PRINT NAME: Angela D. Bahrh

DATE: 4-19-2017

**TERMS OF ENGAGEMENT  
ASSIGNMENT UNDER FINANCIAL AUDITING SERVICES CONTRACT C16-2429-BCC  
NOVEMBER 20, 2016**

1. **ENGAGEMENT:** Warren Averett, LLC is pleased to confirm our understanding of the services we are to provide for Okaloosa County, Florida (the "Client") and any of its affiliated entities. This agreement confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.
2. **SERVICES PROVIDED:** Warren Averett, LLC's general scope of services will be to assist airport management as needed with temporary accounting assistance due to a personnel change. Warren Averett, LLC will provide accounting personnel for up to 30 hours per week from November 28, 2016 to January 27, 2017 who will work at the direction of airport management. Warren Averett, LLC's personnel cannot authorize or approve the Airport's transactions, set policies, accept responsibility for Airport employees actions, have custody of assets, accept responsibility for maintaining the Airport's system of internal control, or provide services that are intended to be used as management's primary basis for making significant decisions. Airport management agrees to assume all management responsibilities for these services by designating an individual who will oversee the service, evaluate the adequacy and results of service performed, and accept responsibility for the services.
3. **DETECTION:** This engagement will not include any procedures designed to detect theft or illegal acts that are immaterial to the financial statements, and the Client agrees that we will have no responsibility to do so.
4. **FEES:** Our fees for these services will not exceed \$44,010 based on 270 hours of work which is based on our agreed upon rates in our proposal dated April 25, 2016 for managers & specialists of \$163. You will be billed for the actual hours incurred to complete the engagement. Any hours necessary in excess of the 270 to complete the project shall only be billed if authorized in writing by you.
5. **BILLING:** Invoices are due upon receipt. In the event that payment is not received within 30 days of the due date, the Client will be assessed interest charges of one percent per month on the unpaid balance. We reserve the right to suspend or terminate our work due to nonpayment. In the event that our work is suspended or terminated as a result of nonpayment, the Client agrees that we will not be responsible for the Client's failure to meet government and other filing deadlines, or for penalties or interest that may be assessed against the Client resulting from the Client's failure to meet such deadlines.
6. **EMPLOYMENT:** In the event you desire to employ a current employee of Warren Averett, LLC or a previous employee of Warren Averett, LLC whose termination date is within 6 months of the date services were provided to you by us, you agree to consult with us concerning such employment. In addition, if you employ such employee, you agree Warren Averett, LLC has the option to receive a reasonable placement fee from you, in an amount determined by us not exceeding 25% of employee's annual compensation at the time of termination.
7. **LIABILITY:** Warren Averett, LLC's maximum liability to the Client for any reason shall be limited to the fees paid by the Client for the services or work product giving rise to the liability except and to the extent finally determined to have resulted from our willful misconduct. Without limiting the foregoing, Warren Averett, LLC's liability under this agreement is limited to the actual and direct damages incurred by the Client arising out of or related to Warren Averett, LLC's performance hereunder. In no event shall Warren Averett, LLC be liable for any incidental, consequential, special, indirect, punitive or third-party damages or claims, including, without limitation, lost profits or revenue, lost savings, lost productivity, loss of data, loss of use of equipment and loss from interruption of business, regardless of whether the form of action is based upon breach of warranty, breach of contract, negligence, strict liability in tort or any other legal theory even if Warren Averett, LLC has been advised about the possibility of such damages.
8. **DISPUTE RESOLUTION:** The parties shall attempt to resolve any dispute arising under this Agreement by participating in mediation. The parties agree to share equally in the costs of such mediation. In the event the parties are unable to resolve the dispute through the mediation process, each party shall be free to pursue any other legal remedies.
9. **INVALIDATION:** In the event that any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this agreement.

10. **DISCLOSURE:** From time to time, we may disclose your information to a service bureau that assists us in providing data processing services. We have secured agreements with these service bureaus to maintain the confidentiality of your information. Warren Averett, LLC will remain responsible for the work provided by any of these service bureaus.

11. **TERM:** This agreement shall survive the termination of the Client's engagement of Warren Averett, LLC.

12. **AMENDMENT:** The terms and conditions of this agreement (i) apply exclusively to the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services") and do not apply to any other services specifically addressed in a separate Terms of Engagement entered into between Warren Averett, LLC and the Client. This agreement replaces and amends all previous Terms of Engagement entered into between Warren Averett, LLC and the Client for the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services"). This agreement does not impose upon Warren Averett, LLC any additional obligations or responsibilities with respect to any other Terms of Engagement entered into between Warren Averett, LLC and the Client. Any future amendments will be in writing and executed by both parties.

13. **PUBLIC RECORDS:** Warren Averett, LLC, will:

- Keep and maintain public records required by the County to perform the service.
- Upon request from the County's custodian of public records, provide the County with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in chapter 119 Florida Statutes or as otherwise provided by law. The audit working papers shall remain the property of Warren Averett, LLC.
- Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the County.
- Upon completion of the contract, transfer, at no cost, to the County all public records in possession of the contractor or keep and maintain public records required by the County to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon completion of the contract, the contractor shall meet all applicable requirements for retaining the public records. All records stored electronically must be provided to the public agency, upon the request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

14. **AUDIT:** The County and or its designee shall have the right from time to time at its sole expense to audit the compliance by Warren Averett, LLC with the terms, conditions, obligations, limitations, restrictions and requirements of this Agreement and such right shall extend for a period of three (3) years after termination of this Agreement. If the County should choose to invoke this provision, the County shall engage a CPA firm or a CPA, with recent peer review experience specific to governmental entities in Florida, to perform the function.


15. **THIRD PARTY BENEFICIARIES:** It is specifically agreed between the parties executing this Agreement that it is not intended by any of the provisions of any part of the Agreement to create in the public or any member thereof, a third party beneficiary under this Agreement, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement.


16. **GOVERNING LAW & VENUE:** This Agreement shall be interpreted in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws. Venue for any legal proceedings arising out of this Agreement shall be in Okaloosa County, Florida.



IF WARREN AVERETT HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO WARREN AVERETT'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT OKALOOSA COUNTY RISK MANAGEMENT DEPARTMENT 5479 OLD BETHEL ROAD CRESTVIEW, FL 32536 PHONE: (850) 689-5977 [riskinfo@co.okaloosa.fl.us](mailto:riskinfo@co.okaloosa.fl.us).

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

WITNESS:   
PRINT NAME: John Holstad  
DATE: 11/23/14

WARREN AVERETT  
BY:   
PRINT NAME: Gene G. Barker  
DATE: 11-20-2016

ATTEST: \_\_\_\_\_  
BY: \_\_\_\_\_



## CONTRACT, LEASE, AGREEMENT CONTROL FORM

Date: 11/02/2016

Contract/Lease Control #: C16-2429-BCC

Bid #: RFP 47-16

Contract/Lease Type: CONTRACT

Award To/Lessee: WARREN AVERETT, LLC

Owner/Lessor: OKALOOSA COUNTY

Effective Date: 08/03/2016

Expiration Date: 09/30/2018 W/3 1 YR RENEWALS

Description of Contract/Lease: AUDIT FINANCIAL RECORDS

Department: BCC

Department Monitor: HOFSTAD

Monitor's Telephone #: 850-651-7515

Monitor's FAX # or E-mail: JHOFSTAD@CO.OKALOOSA.FL.US

Closed:

Cc: Finance Department Contracts & Grants Office



CONTRACT #C16-2429-BCC  
WARRAN AVERETT, LLC.  
AUDIT FINANCIAL STATEMENTS  
EXPIRES: 09/30/2018 W/3 ONE YR RENEWALS

**TERMS OF ENGAGEMENT**  
**ASSIGNMENT UNDER FINANCIAL AUDITING SERVICES CONTRACT C16-2429-BCC**  
**NOVEMBER 1, 2016**

1. **ENGAGEMENT:** Warren Averett, LLC is pleased to confirm our understanding of the services we are to provide for Okaloosa County, Florida (the "Client") and any of its affiliated entities. This agreement confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

2. **SERVICES PROVIDED:** Warren Averett, LLC's general scope of services will be performing Enterprise Risk Assessment services for Okaloosa County, Florida which will include discussions with management to:

- Identify potential hazard, financial, operational and strategic risks and assess in terms of likelihood and magnitude;
- Determine the current steps and processes in place by the County to mitigate these risks and recommend future policies and strategies for improvement; and
- Assist in determining a response strategy in the event a relevant risk occurs.

The project deliverable will include the completed risk matrices and a summary of our procedures and findings. The report will be in compliance with Green Book standards issued by GAO for federal grant funding including awards under the RESTORE act. It should be noted that with the nature of performing any type of risk assessment or internal control testing, there could be material risks or vulnerabilities that are not identified. Warren Averett, LLC will not express any form of assurance over the procedures performed. Warren Averett, LLC's report will be issued under the Statements on Standards for Consulting Services of the American Institute of Certified Public Accountants (AICPA).

3. **DETECTION:** This engagement will not include any procedures designed to detect theft or illegal acts that are immaterial to the financial statements, and the Client agrees that we will have no responsibility to do so.

4. **FEES:** Our fees for these services will not exceed \$20,000 based on 106 hours of work which is based on our agreed upon rates in our proposal dated April 25, 2016 for IT specialists/partners of \$190. You will be billed for the actual hours incurred to complete the engagement. Any hours necessary in excess of the 106 to complete the project shall only be billed if authorized in writing by you.

5. **BILLING:** Invoices are due upon receipt. In the event that payment is not received within 30 days of the due date, the Client will be assessed interest charges of one percent per month on the unpaid balance. We reserve the right to suspend or terminate our work due to nonpayment. In the event that our work is suspended or terminated as a result of nonpayment, the Client agrees that we will not be responsible for the Client's failure to meet government and other filing deadlines, or for penalties or interest that may be assessed against the Client resulting from the Client's failure to meet such deadlines.

6. **EMPLOYMENT:** In the event you desire to employ a current employee of Warren Averett, LLC or a previous employee of Warren Averett, LLC whose termination date is within 6 months of the date services were provided to you by us, you agree to consult with us concerning such employment. In addition, if you employ such employee, you agree Warren Averett, LLC has the option to receive a reasonable placement fee from you, in an amount determined by us not exceeding 25% of employee's annual compensation at the time of termination.

7. **LIABILITY:** Warren Averett, LLC's maximum liability to the Client for any reason shall be limited to the fees paid by the Client for the services or work product giving rise to the liability except and to the extent finally determined to have resulted from our willful misconduct. Without limiting the foregoing, Warren Averett, LLC's liability under this agreement is limited to the actual and direct damages incurred by the Client arising out of or related to Warren Averett, LLC's performance hereunder. In no event shall Warren Averett, LLC be liable for any incidental, consequential, special, indirect, punitive or third-party damages or claims, including, without limitation, lost profits or revenue, lost savings, lost productivity, loss of data, loss of use of equipment and loss from interruption of business, regardless of whether the form of action is based upon breach of warranty, breach of contract, negligence, strict liability in tort or any other legal theory even if Warren Averett, LLC has been advised about the possibility of such damages.

8. **DISPUTE RESOLUTION:** The parties shall attempt to resolve any dispute arising under this Agreement by participating in mediation. The parties agree to share equally in the costs of such mediation. In the event the parties are unable to resolve the dispute through the mediation process, each party shall be free to pursue any other legal remedies.
9. **INVALIDATION:** In the event that any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this agreement.
10. **DISCLOSURE:** From time to time, we may disclose your information to a service bureau that assists us in providing data processing services. We have secured agreements with these service bureaus to maintain the confidentiality of your information. Warren Averett, LLC will remain responsible for the work provided by any of these service bureaus.
11. **TERM:** This agreement shall survive the termination of the Client's engagement of Warren Averett, LLC.
12. **AMENDMENT:** The terms and conditions of this agreement (i) apply exclusively to the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services") and do not apply to any other services specifically addressed in a separate Terms of Engagement entered into between Warren Averett, LLC and the Client. This agreement replaces and amends all previous Terms of Engagement entered into between Warren Averett, LLC and the Client for the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services"). This agreement does not impose upon Warren Averett, LLC any additional obligations or responsibilities with respect to any other Terms of Engagement entered into between Warren Averett, LLC and the Client. Any future amendments will be in writing and executed by both parties.
13. **PUBLIC RECORDS:** Warren Averett, LLC, will:
- Keep and maintain public records required by the County to perform the service.
  - Upon request from the County's custodian of public records, provide the County with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in chapter 119 Florida Statutes or as otherwise provided by law.
  - Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the contractor does not transfer the records to the County. The audit working papers shall remain the property of Warren Averett, LLC.
  - Upon completion of the contract, transfer, at no cost, to the County all public records in possession of the contractor or keep and maintain public records required by the County to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the contractor keeps and maintains public records upon completion of the contract, the contractor shall meet all applicable requirements for retaining the public records. All records stored electronically must be provided to the public agency, upon the request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.
14. **AUDIT:** The County shall have the right from time to time at its sole expense to audit the compliance by Warren Averett, LLC with the terms, conditions, obligations, limitations, restrictions and requirements of this Agreement and such right shall extend for a period of three (3) years after termination of this Agreement. If the County should choose to invoke this provision, the County shall engage a CPA firm or a CPA, with recent peer review experience specific to governmental entities in Florida, to perform the function.
15. **THIRD PARTY BENEFICIARIES:** It is specifically agreed between the parties executing this Agreement that it is not intended by any of the provisions of any part of the Agreement to create in the public or any member thereof, a third party beneficiary under this Agreement, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement.
16. **GOVERNING LAW & VENUE:** This Agreement shall be interpreted in accordance with the laws of the State of Florida without regard to its principles of conflicts of laws. Venue for any legal proceedings arising out of this Agreement shall be in Okaloosa County, Florida.

**17. IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT OKALOOSA COUNTY RISK MANAGEMENT DEPARTMENT 5479 OLD BETHEL ROAD CRESTVIEW, FL 32536 PHONE: (850) 689-5977**

**IN WITNESS WHEREOF**, the parties hereto have made and executed this Contract on the respective dates under each signature.

WARREN AVERETT

BY: Angela D. Beland  
PRINT NAME: Angela D. Beland  
DATE: 11-1-2016

OKALOOSA COUNTY

BY: [Signature]  
PRINT NAME: John Husted  
DATE: 11/1/16

## CONTRACT, LEASE, AGREEMENT CONTROL FORM

Date: 08/24/2016

Contract/Lease Control #: C16-2429-BCC

Bid #: RFP 47-16

Contract/Lease Type: CONTRACT

Award To/Lessee: WARRAN AVERETT, LLC

Owner/Lessor: OKALOOSA COUNTY

Effective Date: 08/03/2016

Expiration Date: 09/30/2018 W/3 ONE YR RENEWALS

Description of Contract/Lease: WARRAN AVERETT, LLC

Department: BCC

Department Monitor: WINDES

Monitor's Telephone #: 850-689-5030

Monitor's FAX # or E-mail: CWINDES@CO.OKALOOSA.FL.US

Closed: \_\_\_\_\_

Cc: Finance Department Contracts & Grants Office

USER NAME  PASSWORD

[Forgot Username?](#) [Forgot Password?](#)

[Create an Account](#)

# Search Results

**Current Search Terms: warran\* averett\* LLC.\***

**Notice:** This printed document represents only the first page of your SAM search results. More results may be available. To print your complete search results, you can download the PDF and print it.

No records found for current search.

## Glossary

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[By Record Type](#)

SAM | System for Award Management 1.0

IBM vL.P.50.20160823-0937

WWW9

**Note to all Users:** This is a Federal Government computer system. Use of this system constitutes consent to monitoring at all times.







CERTIFIED A TRUE  
AND CORRECT COPY

JD PEACOCK II  
CLERK CIRCUIT COURT

BY Teresa Ward  
DEPUTY CLERK



**TERMS OF ENGAGEMENT**  
JUNE 10, 2016

DATE Aug. 4, 2016

Warren Averett, LLC is pleased to confirm our understanding of the services we are to provide for Okaloosa County, Florida (the "Client") and any of its affiliated entities. This agreement confirms our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

#### Services Provided

We are pleased to confirm our understanding of the services we are to provide the Client for the year ended September 30, 2016. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Client as of and for the year ended September 30, 2016. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Client's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Client's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Funding Progress – Post Employment Benefits Plan
- 3) Schedule of Proportionate Share of Net Pension Liability for the Florida Retirement System and Health Insurance Subsidy
- 4) Schedule of Contributions for the Florida Retirement System and Health Insurance Subsidy

We have also been engaged to report on supplementary information other than RSI that accompanies the Client's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Expenditures of Federal and/or State Awards (as applicable)
- 2) Schedule of Expenditures of Passenger Facility Charges
- 3) Combining and Individual Fund Statement of Schedules

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Statistical Schedules

**CONTRACT # C16-2429-BCC**  
**WARRAN AVERETT, LLC.**  
**AUDIT FINANCIAL STATEMENTS**  
**EXPIRES: 09/30/2018 W/3 ONE YR RENEWALS**

### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and state projects and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550 Rules of the Auditor General, relating to state projects.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance and Chapter 10.550, Rules of the Florida Auditor General, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance and Chapter 10.550, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the elected officials of the Client. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly



planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures - Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance and Chapter 10.550, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award and state project program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance and Chapter 10.550.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.550.

#### **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Client's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance and Chapter 10.550 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards and state projects applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* and the *Florida Department of Financial Services State Project Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Client's major programs. The purpose of these procedures will be to express an opinion on the Client's compliance

with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and Chapter 10.550.

### **Other Services**

We will also assist as needed in preparing the financial statements, schedule of expenditures of federal awards and state projects, and related notes of the Client in conformity with U.S. generally accepted accounting principles and the Uniform Guidance and Chapter 10.550 based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards and state projects, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Management Responsibilities**

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards and state projects, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards and state projects, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance and Chapter 10.550, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance and Chapter 10.550, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards and state projects; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards and state projects received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards and state projects (including notes and noncash assistance received) in conformity with the Uniform Guidance and Chapter 10.550. You agree to include our report on the schedule of expenditures of federal awards and state projects in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards and state projects. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards and state projects that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards and state projects in accordance with the Uniform Guidance and Chapter 10.550; (2) you believe the schedule of expenditures of federal awards and state projects, including its form and content, is stated fairly in accordance with the Uniform Guidance and Chapter 10.550; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards and state projects.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards and state projects, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards and state projects, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards and state projects, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

#### **Engagement Administration**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards and state projects, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the County; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Warren Averett, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to cognizant or oversight agencies, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Warren Averett, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by cognizant agencies, oversight agencies, or pass-through entities. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Angela D. Balent, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2013 peer review accompanies this letter.

#### **Fees**

Our fees for these services will be \$226,380 for the year ended September 30, 2016. Our fees for the years ended September 30, 2017 and 2018 can be found in Attachment I. We are currently under contract with Okaloosa County, Florida to provide audit services for the years ended September 30, 2016, 2017 and 2018 with an option for three one year extensions. Fees for the option years will be negotiated at renewal. Annual engagement letters will be issued to ensure compliance with auditing standards in effect at the time the audit services are provided.

#### **Additional Services**

The Client (to include the Board of County Commissioners and other elected officials of Okaloosa County) may request additional services relating to accounting, auditing and other special projects of Warren Averett, LLC as specified in the original request for proposal. The discounted hourly rates for any additional services requested can be found in Attachment I.

#### **Billing**

Invoices are issued as work is performed and we will progress bill during the period of August to March. The final 10% of our fee will be invoiced upon delivery of our opinions for inclusion in the Comprehensive Annual Financial Report. Invoices are due upon receipt. In the event that payment is not received within 30 days of the due date, the Client will be assessed interest charges of one percent per month on the unpaid balance. We reserve the right to suspend or terminate our work due to nonpayment. In the event that our work is suspended or terminated as a result of nonpayment, the Client agrees that we will not be responsible for the Client's failure to meet government and other filing deadlines, or for penalties or interest that may be assessed against the Client resulting from the Client's failure to meet such deadlines.

### **Detection**

This engagement will not include any procedures designed to detect theft or illegal acts that are immaterial to the financial statements and the Client agrees that we will have no responsibility to do so.

### **Employment**

In the event you desire to employ a current employee of Warren Averett, LLC or a previous employee of Warren Averett, LLC whose termination date is within 6 months of the date services were provided to you by us, you agree to consult with us concerning such employment. In addition, if you employ such employee, you agree Warren Averett, LLC has the option to receive a reasonable placement fee from you, in an amount determined by us not exceeding 25% of employee's annual compensation at the time of termination.

### **Liability**

Warren Averett, LLC's maximum liability to the Client for any reason shall be limited to the fees paid by the Client for the services or work product giving rise to the liability except and to the extent finally determined to have resulted from our willful misconduct. Without limiting the foregoing, Warren Averett, LLC's liability under this agreement is limited to the actual and direct damages incurred by the Client arising out of or related to Warren Averett, LLC's performance hereunder. In no event shall Warren Averett, LLC be liable for any incidental, consequential, special, indirect, punitive or third-party damages or claims, including, without limitation, lost profits or revenue, lost savings, lost productivity, loss of data, loss of use of equipment and loss from interruption of business, regardless of whether the form of action is based upon breach of warranty, breach of contract, negligence, strict liability in tort or any other legal theory even if Warren Averett, LLC has been advised about the possibility of such damages.

### **Dispute Resolution**

The parties shall attempt to resolve any dispute arising under this Agreement by participating in mediation. The parties agree to share equally in the costs of such mediation. In the event the parties are unable to resolve the dispute through the mediation process, each party shall be free to pursue any other legal remedies.

### **Invalidation**

In the event that any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this agreement.

### **Disclosure**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

### **Term**

This agreement shall survive the termination of the Client's engagement of Warren Averett, LLC.

### **Amendment**

The terms and conditions of this agreement (i) apply exclusively to the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services") and do not apply to any other services specifically addressed in a separate Terms of Engagement entered into between Warren Averett, LLC and the Client. This agreement replaces and amends all previous Terms of Engagement entered into between Warren Averett, LLC and the Client for the services specifically set forth in the "Services Provided" section herein (the "Current Specified Services"). This agreement does not impose upon Warren Averett, LLC any additional obligations or responsibilities with respect to any other Terms of Engagement entered into between Warren Averett, LLC and the Client.

**Public Records**

Warren Averett, LLC, shall allow public access to all documents, records and other materials in accordance with the provisions of Chapter 119, Florida Statutes, with the exception for any and all confidentiality and exemption provisions which may be applicable under law. All reports and working papers shall remain confidential until the audit becomes final in accordance with Florida Statute, at which time the final report and any documentation provided by the County to Warren Averett, LLC shall become public record. The working papers shall remain the property of Warren Averett, LLC.

**Audit**

The County shall have the right from time to time at its sole expense to audit the compliance by Warren Averett, LLC with the terms, conditions, obligations, limitations, restrictions and requirements of this Agreement and such right shall extend for a period of three (3) years after termination of this Agreement. If the County should choose to invoke this provision, the County shall engage a CPA firm or a CPA, with recent peer review experience specific to governmental entities in Florida, to perform the function.

**Third Party Beneficiaries**

It is specifically agreed between the parties executing this Agreement that it is not intended by any of the provisions of any part of the Agreement to create in the public or any member thereof, a third party beneficiary under this Agreement, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement.

We appreciate the opportunity to be of service to you and believe this agreement accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you are in agreement with the terms of our engagement as described in this agreement, please sign a copy and return it to us.

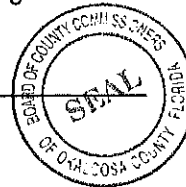
**WARREN AVERETT, LLC**

Angela D. Balush, CPA  
Signature and Title

June 10, 2016  
Date

**RESPONSE:** This letter correctly sets forth the understanding of the Client.

Charles K. Whitcomb, III  
Management Signature and Title



8/3/14  
Date

**ATTACHMENT I**  
**Okaloosa County, Florida**  
**June 10, 2016**

**Audit Fees**

<b>Year 1</b>	<b>\$226,380</b>
<b>Year 2</b>	<b>\$230,907</b>
<b>Year 3</b>	<b>\$235,525</b>

**Hourly Rates for Additional Professional Services**

<b>Partners</b>	<b>\$190</b>
<b>Managers &amp; Specialists</b>	<b>\$163</b>
<b>Supervisory Staff</b>	<b>\$108</b>
<b>Staff</b>	<b>\$ 98</b>



**HENDERSON HUTCHERSON  
& MCCULLOUGH, PLLC**

Certified Public Accountants

System Review Report

December 6, 2013

To The Partners  
Warren Averett, LLC  
And the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Warren Averett, LLC (the firm) applicable to non-SEC issuers in effect for the year ended July 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audit performed under FDICIA, and examinations of service organizations (Service Organizations Control 1 engagements).

In our opinion, the system of quality control for the accounting and auditing practice of Warren Averett, LLC applicable to non-SEC issuers in effect for the year ended July 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency* or *fail*. Warren Averett, LLC has received a peer review rating of *pass*.

*Henderson Hutcherson  
& McCullough, PLLC*



# PROPOSAL TO SERVE



RFP # : BCC 47-16  
Professional Auditing Services

Submittal Deadline: 4:00 PM  
Monday, April 25, 2016

**W** Warren  
Averett  
CPAs AND ADVISORS

**Proposer**

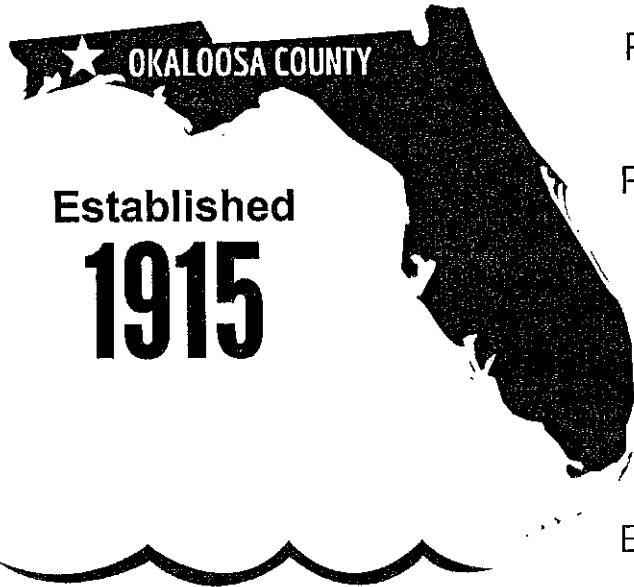
Warren Averett, LLC  
45 Eglin Parkway, N.E., Suite 301  
Fort Walton Beach, FL 32548

**Submitted by**

Angela D. Balent, CPA  
Angela.Balent@warrenaverett.com  
850.275.1224

# OUR COMMUNITY

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**ENDLESS** Sugar White Beaches

Population **191,000** 

Visitors Population **3.0 million** 

Square Miles **1,082** 

Bond Rating **AA-** 

County Employees **1,100** 

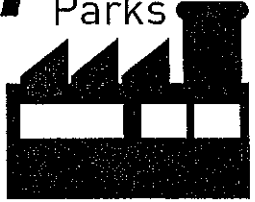
Public Safety Calls **128,425** 

Roads Maintained **872 miles** 

 **3** Airports

 **3** Military Installations

 **54** Parks & Recreational Sites

**7** Industrial Parks 



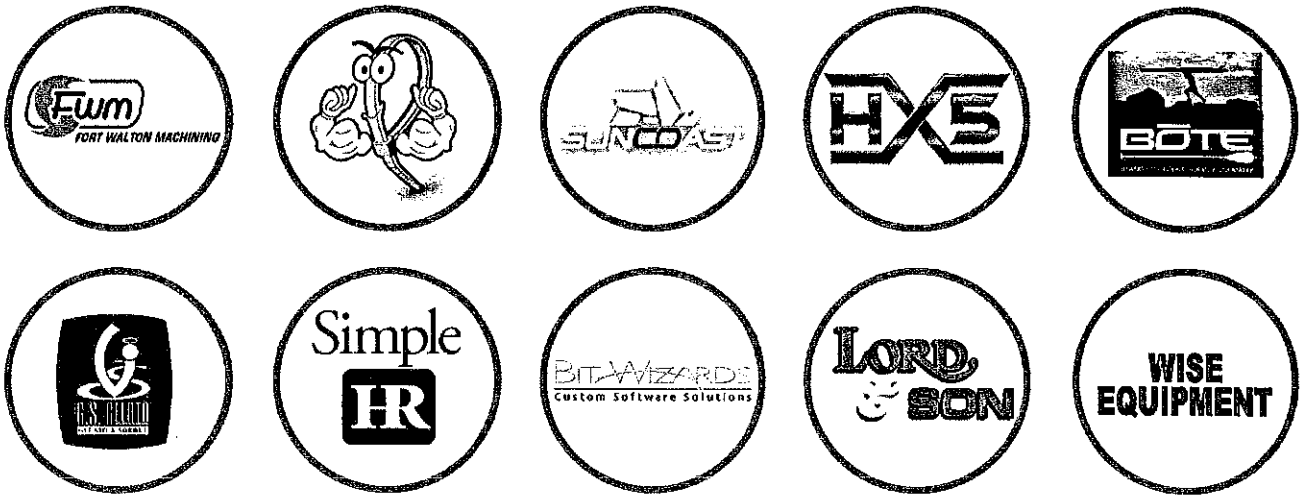
**28 years**  
Awarded GFOA Certificate of Achievement in Financial Reporting

# BUSINESS CLIMATE

---

## LOCAL COMPANIES

There is a reason why several businesses have made their home in Okaloosa County, and its not just the sugar white beaches and great weather. Home of the largest Air Force base in the world, Okaloosa is the nucleus of a high tech defense and aerospace industry. The County is committed to continual growth and diversification through existing industry retention, expansion, workforce development and expansion of key industry clusters.



## TOP 10 EMPLOYERS

Seven of the 10 largest defense contractors in Florida have a presence in the County - and most of the top 10 private sector employers are defense, aerospace-related or healthcare.

Employer	No. of Employees
FORT WALTON BEACH MEDICAL CENTER.....	1,000+
JACOBS TECHNOLOGY.....	1,000+
L-3 COMMUNICATIONS.....	800+
LOCKHEED MARTIN CORPORATION.....	800+
INDYNE, INC.....	800+
NORTH OKALOOSA MEDICAL CENTER.....	700+
NEW (AN ASURION COMPANY).....	500+
THE BOEING COMPANY.....	450+
WHITE-WILSON MEDICAL CENTER.....	400+
BAE SYSTEMS.....	380+

Source: InfoGroup 2014, www.okaloosasites.com, 2014 Okaloosa County CAFR and misc.

# WORKFORCE & SCHOOLS

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## COMPETITIVE EDGE

With over 156 technology-based businesses per 100,000 population, Okaloosa County is the leading technology hub in Northwest Florida, and continues to experience unprecedented growth in diverse technology-based industries.

## EDUCATION

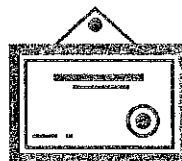
**18.2%**

Graduate or Professional Degree



**41.1%**

Bachelor's Degree

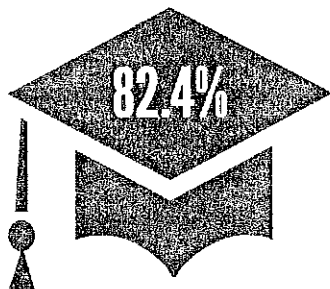


**43.9%**

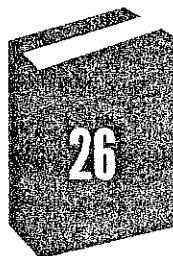
High School Diploma or Some College

## SCHOOLS

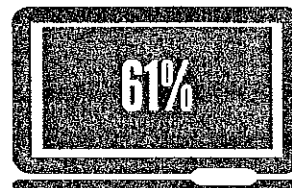
The county's public schools consistently earn high grades from the state, and the school district, which has an "A" rating from the state, is ranked as the sixth best of the state's 67 counties.



Combined Graduate Rate



Average ACT Score



Students in AP Courses

## QUALITY OF LIFE



Great American Defense Community

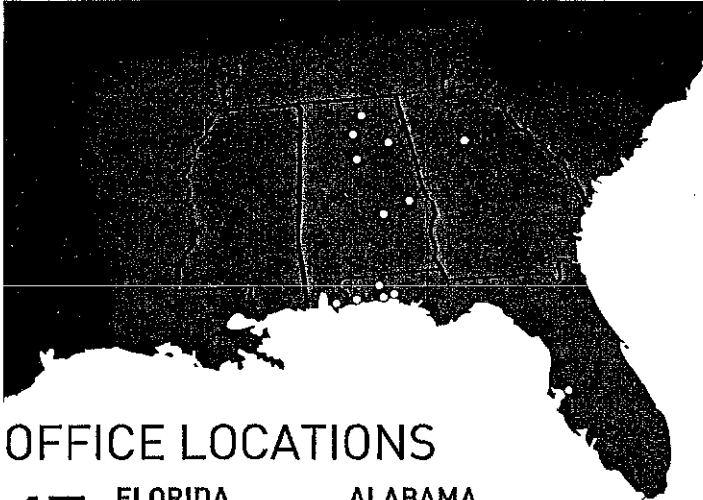


Best Beaches in the South

**Southern Living**

# WARREN AVERETT & OKALOOSA COUNTY

Warren Averett has 2 office locations in Okaloosa County, 5 in our Gulf Coast Region & 15 firm-wide. Located in Okaloosa County since 1956, Warren Averett employs 65+ team members in our Fort Walton Beach and Destin offices and 800+ as a corporate organization.



## OFFICE LOCATIONS

**15**

### FLORIDA

Destin  
Ft Walton Beach  
Panama City  
Pensacola  
Tampa

### ALABAMA

Anniston  
Birmingham  
Cullman  
Foley  
Huntsville  
Mobile  
Montgomery

### GEORGIA

Atlanta

### AFFILIATE OFFICES

Houston  
Grand Cayman

## SIZE OF FIRM



## OUR HISTORY

Established in  
Okaloosa County

**1956**



## SHARING OUR SUCCESS

Our team is good at what they do. But clients also appreciate that we do good in our communities. That's part of the reason we reward Warren Averett team members who contribute personal time to charitable and community causes. But the real reason we're so committed to the communities in which we live and work: it feels good to give back. Here are a few organizations in which our team is involved locally:

- Junior League of the Emerald Coast, Inc.
- American Heart Association, Inc.
- AMI Kids, Inc.
- Boys and Girls Club of Okaloosa County
- Food for Thought
- Okaloosa County Economic Development Council, Inc.
- Fort Walton Rotary Club
- Fort Walton Chamber of Commerce
- Crestview Chamber of Commerce
- Allsports Association
- Children's Advocacy Center, Inc.
- Destin Chamber of Commerce
- Destin Rotary Club
- Kiwanis of Fort Walton Beach and Niceville
- Okaloosa County Community Development Corporation





45 Eglin Parkway NE, Suite 301  
Fort Walton Beach, FL 32548  
850.244.5121  
warrenaverett.com

April 25, 2016

Audit Committee  
Okaloosa County, Florida  
5479A Old Bethel Road  
Crestview, FL 32536

**RFP: BCC 47-16 Professional Auditing Services for Okaloosa County**

Dear Audit Committee:

On behalf of Warren Averett, LLC, we appreciate the opportunity to share our approach to provide financial audit services to Okaloosa County, Florida. Warren Averett has a proven record of providing the technical qualifications and the intangible requirements necessary to meet the demands of management and governance of Okaloosa County. The Fort Walton Beach, Destin and Pensacola offices of Warren Averett currently audit 3 Florida counties, 9 Florida municipalities and 6 government special districts. Our local office experience in auditing units of government is unsurpassed. However, auditing Okaloosa County requires more than just experience in auditing units of local government.

Okaloosa County is complex. The County is one of the few Florida Counties that operates a commercial and two general aviation airports. The County's Water and Sewer Enterprise activity is in the process of taking over wastewater service treatment at two air force installations. The Tourist Development Department collects millions of dollars in bed tax annually and our infrastructure and public safety functions must serve a population that can range from 200,000 to over 2 million in a period of weeks. It's often Okaloosa County leading the State on everything from on-line services to voting equipment grants. In our detailed audit approach, we identify 12 county software applications we interface with to perform your audit. While Okaloosa County may be considered a mid-size county based on population, it is far from that in terms of activity.

Auditing Okaloosa County also takes character. We believe the auditor becomes the face of the County in times of financial stress, the go to person when County personnel face challenging, time sensitive accounting issues, and must be able to balance the authority of the Board of County Commissioners with the authority of each Constitutional Officer. Warren Averett has proven we have the overarching and detailed experience along with the caliber of character needed to serve Okaloosa County well.

We believe we are the most qualified firm to audit the County and can do so at a competitive rate. Benefits to the Warren Averett approach include:

Hands on Approach - Warren Averett uniquely positions its leadership team as your key contacts, thus allowing for efficient use of your time, and ensuring that you will have experienced personnel involved throughout the engagement.

Solid Relationships - Business and personal are the foundation of Warren Averett. Beyond the business fundamentals, we have deep knowledge and understanding of the County, have worked with the County for many years, and through difficult times.

Significant Resources - Warren Averett's Governmental Practice Group is second to none and the strength, size and diversity of the firm allows us to serve your needs beyond just audit services. We have demonstrated our expertise from remediating sales tax audit findings to IT risk assessments. We have national firm resources but will always serve our clients with intense client focus rooted in a strong local presence.

Okaloosa County remains a flagship audit client for Warren Averett's governmental audit practice. I hope the information in this proposal offers you the insight needed to fully consider the advantages of continuing to work with Warren Averett. Thank you for the opportunity to serve Okaloosa County. I am authorized to bind the firm and can be contacted as outlined below.

Sincerely,

*Angela D. Balent, CPA*

Angela D. Balent, CPA – Member

*4-25-2016*

Date

O | 850.244.5121

D | 850.275.1224

Warren Averett, LLC

45 Eglin Parkway, N.E., Suite 301

Fort Walton Beach, FL 32548

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# 1. MANDATORY ELEMENTS

## a) INDEPENDENCE STATEMENT

Warren Averett is independent of Okaloosa County, Florida, its management and all component units of Okaloosa County as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards*. Annually, Warren Averett requires all Members and client service professionals to confirm in writing that they have no relationships or holdings that would impair our independence with regard to our clients. Our independence policies are routinely monitored by the Quality Control Partner to ensure continued compliance.

## b) LICENSED TO PRACTICE IN FLORIDA

Warren Averett and all assigned key professional staff are properly licensed and registered for practice as Certified Public Accountants in the State of Florida.

## c) CONTINUING PROFESSIONAL EDUCATION UNDER *GOVERNMENT AUDITING STANDARDS*

To maintain our competitive edge and to stay ahead of the curve on technical quality, we place significant emphasis on continuing professional education. We readily exceed the State of Florida and GAO's biennial CPE hour requirements through a variety of external and internal programs. Warren Averett affirms that all professional personnel have received adequate continuing professional education (CPE), as required under *Government Auditing Standards*, within the preceding two (2) years. Our commitment is further demonstrated in the fact that Warren Averett has a full-time Director of Professional Development to oversee our continuing education efforts.

Team member continuing professional education is directed towards developing their skills to the fullest extent possible in their respective areas of practice. Because of our size, this departmentalization ensures that well-trained full-time auditors serve our audit clients. Over two year increments, our audit professionals receive at least 80 hours of continuing professional education that directly enhance their professional proficiency to perform audits and/ or attestation engagements, as well as meet extensive Yellow Book governmental requirements.

These subjects directly relate to the government environment, government auditing or the unique environment in which the audited entity operates. As a large firm, we are able to routinely take advantage of multiple avenues of learning opportunities to provide for those educational requirements. Those avenues include audit education provided by our alliance memberships, biweekly alert newsletters, internal instruction provided by our own audit management team, seminars by external vendors, and annual in-house seminars by nationally recognized professional audit educators.

We also host two complimentary annual events that would be applicable for County staff to attend. We host a Government Accounting Update and Accounting Trends Update that each provide 8 hours of CPE for attendees.

A highlight of each individual's related governmental CPE is included within the team qualifications section. Detailed listings of CPE to include date, sponsor, course name and type are available through our CPE report software and can be provided electronically upon request.

---

d) QUALITY CONTROL REVIEW

i. PEER REVIEW

Warren Averett is respected as an industry leader in developing and adhering to quality review standards, and we have received an unqualified opinion from every independent peer review team that has visited our Firm. Our last peer review was conducted in 2013 by Henderson Hutcherson & McCullough, PLLC of Chattanooga, Tennessee.

Our peer review reports no significant weaknesses and confirms that our systems of internal quality controls provide assurance of quality audit work and assurance that our professionals take their responsibility to adhere to the profession's standards seriously. These peer reviews further support our view that our engagements evidence a high degree of Member participation. The hands-on attitude and involvement of Members permit us to deal with critical issues quickly and decisively and to communicate with client management in a timely manner.

Warren Averett received the highest possible peer review rating. This quality control review also included a review of specific governmental engagements. Henderson Hutcherson's report is provided on the following page.

ii. FEDERAL OR STATE REVIEWS

Each year, many of our audits are subject to desk reviews by the various grantors and governmental agencies that provide funding to our clients. Those reviews have not resulted in any correspondence or letters of comment regarding non-compliance with state or federal reporting requirements.

iii. DISCIPLINARY ACTION

We take great pride in the fact that our Firm has never had any sanctions or other disciplinary action taken relative to performance of audit work.

## PEER REVIEW REPORT



HENDERSON HUTCHERSON  
& MCCULLOUGH, PLLC

Certified Public Accountants

System Review Report

December 6, 2013

To The Partners  
Warren Averett, LLC  
And the National Peer Review Committee

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As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audit performed under FDICIA, and examinations of service organizations (Service Organizations Control 1 engagements).

In our opinion, the system of quality control for the accounting and auditing practice of Warren Averett, LLC applicable to non-SEC issuers in effect for the year ended July 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency or fail*. Warren Averett, LLC has received a peer review rating of *pass*.

*Henderson Hutcheron  
& McCullough, PLLC*

## 2. TECHNICAL QUALIFICATIONS

### a) EXPERTISE AND EXPERIENCE

#### Size of the Firm

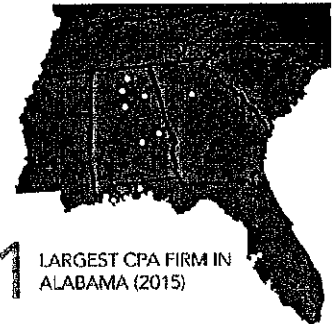
Warren Averett operates with over 800 employees; including 340 CPAs, 129 Members and 13 offices across the Southeast. The Gulf Coast Region of the firm consist of offices located in Destin, Fort Walton Beach, Panama City, Pensacola, Florida and Foley, Alabama.

Warren Averett is a nationally recognized firm and serves some of the South's largest organizations. We have the resources and depth to successfully meet the needs of the County. We provide national level resources with a local presence, as we are dedicated to the communities where we work and live. From our senior member to our newest recruit, we strongly emphasize and take great pride in our high quality service and client satisfaction. The quality of our services has sustained continued growth and resulted in recognition both locally and nationally in rankings of firms by size.

Warren Averett or its predecessor firms have been in business for over 50 years, operating continuously in Okaloosa County since 1956, and brings to the table both financial strength and continuity. Professional team members serve in leadership roles throughout the profession. Some of our memberships include:

- AICPA (major firms group)
- BDO Alliance USA
- PCAOB
- GFOA
- FGFOA
- FICPA
- ALGFOA
- Association of Government Accountants
- AICPA Government Audit Quality Center
- Association of Certified Fraud Examiners
- NACUBO
- State Association of Independent Colleges

Warren Averett takes pride to be a thought leader for the profession and our team members are standing speakers for the Florida and Alabama Government Finance Officers Associations (FGFOA/ALFGFOA) both locally and at the State Level. Members also serve on the Board of Governors for our State CPA Societies in both Florida and Alabama. Our members are frequently quoted in local and national publications and recognized as business experts and community leaders in all of our markets.



**1** LARGEST CPA FIRM IN ALABAMA (2015)

**2** LARGEST CPA FIRM AMONG GULF COAST STATES (2015)

**4** LARGEST CPA FIRM IN THE SOUTHEAST (2014)

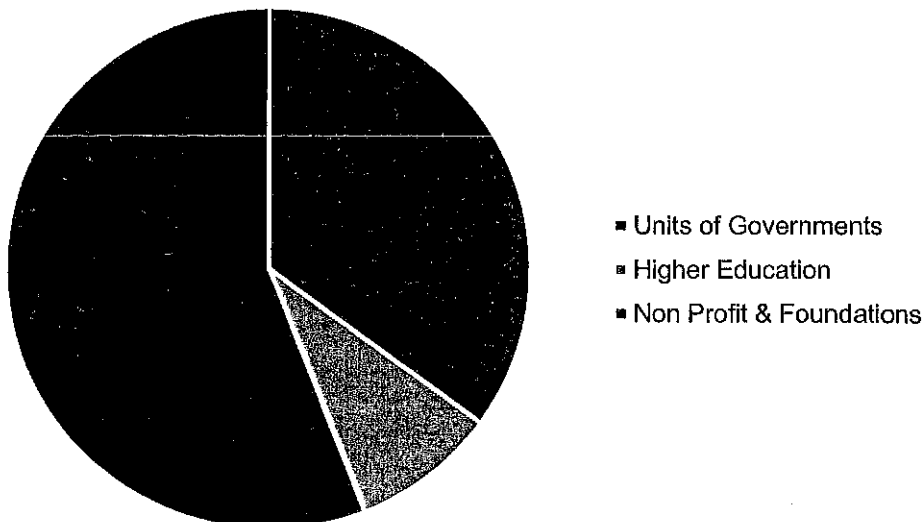
**27** LARGEST CPA FIRM IN THE U.S. (2015)

## Size of the Firm's Government Audit Team

For more than 50 years, Warren Averett has provided auditing and consulting services for units of government. Warren Averett has a specialized public sector client service team to ensure firm wide our governmental, higher education, and non-profit clients are served by members, senior managers, and team members that specialize in government accounting and auditing. The governmental engagement team selected to serve the County maintains their technical knowledge of industry best practices through specific CPE for the governmental field and on the job training. Our public sector industry segment generated \$10 million of revenues in FY 15 as illustrated below making it one of the largest specialized client service teams in the firm.

### Warren Averett's Public Sector Clients Served (Percent of Revenue by Type)

\*Below chart is based on FY 15 revenue of \$10 million in this sector



**Governmental Audit  
Quality Center Member**

### GOVERNMENTAL EXPERIENCE AT A GLANCE

60+ DEDICATED GOVERNMENTAL AUDITORS FIRM-WIDE

CAFR PREPARATION: 10+

100% CAFR SUCCESS RATE

SINGLE AUDIT PERFORMED: 150+

Our firm is a member of the AICPA government audit quality center. This firm based voluntary membership center is designed to help with the challenges of performing quality audits in this unique and complex area. Warren Averett has more than 60 experienced members and managers whose primary focus is serving units of government.

A partial listing of governmental clients currently served by Warren Averett, LLC follows. Those in bold are served by the Gulf Coast Region of Warren Averett.

County Clients	Municipal Clients	Special Districts and Component Units
<p><b>Okaloosa County, Florida</b>  <b>Escambia County, Florida</b>  <b>Santa Rosa County, Florida</b>                      Jefferson County, Alabama</p>	<p><b>City of Fort Walton Beach, Florida</b>  <b>City of Niceville, Florida</b>  <b>City of Milton, Florida</b>  <b>City of Mary Esther, Florida</b>  <b>City of Callaway, Florida</b>  <b>City of Valparaiso, Florida</b>  <b>Town of Cinco Bayou, Florida</b>  <b>Town of Shalimar, Florida</b>  <b>City of Foley, Alabama</b>                      City of Evergreen, Alabama                      City of Montgomery, Alabama                      City of Gadsden, Alabama                      City of Selma, Alabama                      City of Dunwoody, Georgia</p>	<p><b>South Walton Fire District, Florida</b>  <b>South Walton County Mosquito Control District</b>  <b>Midway Fire District, Florida</b>  <b>Niceville, Valparaiso, Okaloosa County Regional Sewer Board</b>  <b>Blackman Fire District, Florida</b>  <b>Gulf Consortium</b>                      Alabama State University, A component Unit of the State of Alabama                      Alabama Housing Finance Authority, a component unit of the State of Alabama                      Alabama State Port Authority                      Autauga County Water Authority, Alabama                      The Utilities Board of the City of Union Springs, Alabama                      Coosa Valley Electric, Alabama                      Cullman-Jefferson Counties Gas District, Alabama</p>

**Warren Averett has significant experience and depth in serving public sector clients.** Our Gulf Coast Division audited 18 units of government during 2015 including eight Federal and/or State Single Audits and eight entities that produce a **CAFR**. Our public sector client industry specialization group extends beyond Florida allowing the auditors that serve this sector to specialize in continuing professional education and emerging issues specific to units of government.

## Office Location from which Work is to be performed

The Okaloosa County, Florida audit will be managed and primarily staffed from the Fort Walton Beach office, located at 45 Eglin Parkway N.E., Suite 301, Fort Walton Beach, Florida. The team is well trained in the auditing of Florida governmental entities and those with unique federal and state audit requirements as well as those required by the Federal Aviation Administration relating to the Okaloosa County Airport. Approximately 40 team members are located in our Fort Walton Beach office, including six members, one principal, and four managers.

## Governmental Client References

### Significant Engagements Performed by the Fort Walton Beach Office of Warren Averett, LLC Similar to Okaloosa County, Florida

Our governmental client base includes counties, cities, water and sewer systems, special districts, and other agencies that receive state or federal funding whose audits fall under *Government Auditing Standards*. Listed below are the most significant governmental engagements performed by the Fort Walton Beach Office of Warren Averett in the last five years that are similar to the audit engagement described in the County's RFP.

CITY OF FORT WALTON BEACH, FLORIDA	
<b>Scope of Work:</b>	Financial and compliance audit, CAFR participating in GFOA Certificate Program. Federal and State Single Audit (varies by year)
<b>Date:</b>	1995-Present
<b>Engagement Members:</b>	Angela Balent, CPA, Engagement Member
<b>Total Hours:</b>	400
<b>Office Location:</b>	Fort Walton Beach Office of Warren Averett
<b>Contact Information:</b>	Brandy Ferris, CPA, Finance Director   (P) 850.833.9512

CITY OF NICEVILLE, FLORIDA	
<b>Scope of Work:</b>	Financial and compliance audit, CAFR participating in GFOA Certificate Program. Federal and State Single Audit (varies by year)
<b>Date:</b>	1958-Present
<b>Engagement Members:</b>	Tammy McGaughy, CPA, CFE, CFF, Engagement Member
<b>Total Hours:</b>	345
<b>Office Location:</b>	Fort Walton Beach Office of Warren Averett
<b>Contact Information:</b>	Daniel Doucet, City Clerk   (P) 850.729.4000

CITY OF CALLAWAY, FLORIDA	
<b>Scope of Work:</b>	Financial and compliance audit, CAFR participating in GFOA Certificate Program. Federal and State Single Audit (varies by year)
<b>Date:</b>	2010-Present
<b>Engagement Members:</b>	Angela Balent, CPA, Engagement Member
<b>Total Hours:</b>	330
<b>Office Location:</b>	Fort Walton Beach Office of Warren Averett
<b>Contact Information:</b>	Beverly Waldrup, CPA Director of Finance   (P) 850.215.6722

CITY OF MILTON, FLORIDA	
<b>Scope of Work:</b>	Financial and Compliance Audit. Federal and State Single Audit (varies by year)
<b>Date:</b>	1995-Present
<b>Engagement Members:</b>	Tammy McGaughy, CPA, CFE, CFF, Engagement Member Joseph W. Henderson, CPA, CCIFP, Relationship Member
<b>Total Hours:</b>	325
<b>Office Location:</b>	Fort Walton Beach Office of Warren Averett
<b>Contact Information:</b>	Dewitt Nobles, City Clerk   (P) 850.983.5401

CITY OF VALPARAISO, FLORIDA	
<b>Scope of Work:</b>	Financial and Compliance Audit. Federal and State Single Audit (varies by year)
<b>Date:</b>	2010-Present
<b>Engagement Members:</b>	Angela Balent, CPA, Engagement Member
<b>Total Hours:</b>	250
<b>Office Location:</b>	Fort Walton Beach Office of Warren Averett
<b>Contact Information:</b>	Tammy Johnson, City Clerk   (P) 850.729.5402

**Significant Engagements for Okaloosa County, Florida Performed by the Fort Walton Beach Office of Warren Averett**

OKALOOSA COUNTY, FLORIDA	
<b>Scope of Work:</b>	Financial and compliance audit including elected officials. CAFR Participating in GFOA Certificate Program. Federal and State Single Audit
<b>Date:</b>	2008-Present
<b>Engagement Members:</b>	Angela D. Balent, CPA, Engagement Member
<b>Total Hours:</b>	Averages 1900 – 2100 hours annually
<b>Office Location:</b>	Fort Walton Beach Office of Warren Averett
<b>Contact Information:</b>	The Honorable JD Peacock II, Clerk of the Circuit Court and Comptroller, 850.651.7200 x4301 Gary Stanford, CPFO, Finance Officer/Deputy Clerk for Okaloosa County Clerk of Court   (P) 850.689.5000 ext.3411



**OKALOOSA COUNTY, FLORIDA – CLERK OF THE CIRCUIT COURT**

<b>Scope of Work:</b>	IT Risk Assessment for Okaloosa County Clerk of Courts & Comptroller's Office
<b>Date:</b>	August – September 2014
<b>Engagement Members:</b>	Kevin Bowyer, CPA, CITP, CISA, Engagement Member
<b>Total Hours:</b>	110
<b>Office Location:</b>	Destin Office of Warren Averett
<b>Contact Information:</b>	The Honorable JD Peacock II, Clerk of the Circuit Court and Comptroller   (P) 850.651.7200 x4301 Robbie Brown, Director of Information Services for the Okaloosa County Clerk of Court   (P) 850.689.5000 x3305

**OKALOOSA COUNTY, FLORIDA – WATER & SEWER DEPARTMENT**

<b>Scope of Work:</b>	Assessment of Internal Controls over Inventory
<b>Date:</b>	September 2015 – April 2016
<b>Engagement Members:</b>	Angela D. Balent, CPA, Engagement Member
<b>Total Hours:</b>	80
<b>Office Location:</b>	Fort Walton Beach Office of Warren Averett
<b>Contact Information:</b>	Jeff Littrell, Okaloosa County Water & Sewer Director   (P) 850.651.7172

**OKALOOSA COUNTY, FLORIDA – BOARD OF COUNTY COMMISSIONERS**

<b>Scope of Work:</b>	Assistance with State of Florida Sales Tax Audit Findings for BCC
<b>Date:</b>	January – April 2016
<b>Engagement Members:</b>	Angela D. Balent, CPA, Engagement Member
<b>Total Hours:</b>	60
<b>Office Location:</b>	Fort Walton Beach Office of Warren Averett
<b>Contact Information:</b>	Tracy Stage, AAE, Okaloosa County Airports Director   (P) 850.651.7160 x4 John Hofstad, Okaloosa County Administrator   (P) 850.651.7515

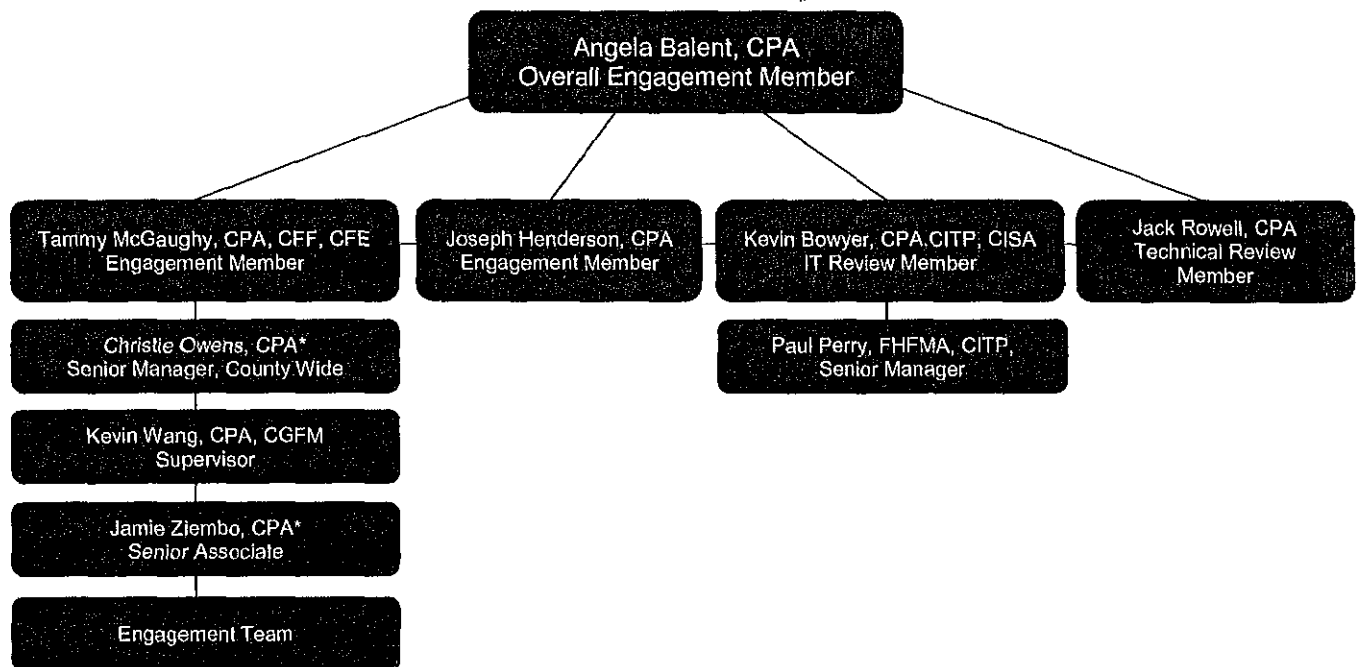
## Principal Supervisory and Management Staff

A team of approximately nine professionals from our Fort Walton Beach office will work full time on the County's audit, and each of the assigned team members will possess the requisite skills to effectively audit the County. In fact, the majority of team assigned to your audit have historical experience in auditing Okaloosa County including understanding the complexity of your enterprise funds to include specific knowledge of revenue generation in each of those operations.

These team members live and work in Okaloosa County. We encourage consideration be given to the economic impact to the County of conducting business with a firm with two significant offices located in Okaloosa County and citizens who pay taxes to support our local government.

Other team members who will provide specialty service include our information technology specialists, Kevin Bowyer, CPA, CITP, CISA who resides in our Destin office, Paul Perry, FHFMA, CITP, CPA who resides in our Birmingham office and Jack Rowell, CPA who resides in our Pensacola office.

The Client Service Team identified is a select group of professionals with a combined total of over 190 years of experience in governmental and compliance auditing. These individuals are committed to innovation in processes and advanced learning through specialty certifications. This specifically identified team will perform the audit services with a high level of "client satisfaction" and within time parameters. This is not a generic marketing statement—this team has proven to Okaloosa County its commitment, its expertise, and it's a no surprises approach to client service. Our goal is not newspaper headlines; it is about effective and efficient auditing, open and frequent communication, and delivery of a quality product. The staffing plan for the BCC and Constitutional Officers follows.



\* CPA licensed in a state other than Florida

The quality of our team is what drives the quality of your audit experience. The team members chosen have unique expertise and inside knowledge of the governmental sector's specific audit requirements. The team's proficiency in conjunction with our firm's commitment to quality and timely delivery of services, will ensure your engagement objective and needs are met.

The complexity of the County's audit demands a high level of involvement from the Members and Managers. The roles and responsibilities of each position of the engagement team and their resumes follow:

**Overall Engagement Team Member:**

Angela Balent, CPA will continue to lead services on the Okaloosa County engagement to include the audits of the BCC and each Constitutional Officer. Angela has 23 years of audit experience for units of government in Florida and extensive knowledge of the interworking of Okaloosa County. In addition to her responsibilities for Okaloosa County, she also leads the audits of the Cities of Fort Walton Beach, Callaway, Valparaiso and Towns of Cinco Bayou and Shalimar, Florida and the Gulf Consortium. Angela is the firm wide leader of Audit Best Practices for Warren Averett. Her responsibility is for total client satisfaction and continuous communication with management and the engagement team. Angela is a GFOA CAFR Review, member of the GFOA, FGFOA, AICPA, FICPA and a frequent speaker of these organizations.

**Other team members include:**

Tammy McGaughy, CPA, CFE, CFF serves as an Engagement Member and plays a vital role in assisting Angela due to the pure size of the Okaloosa County audit and our commitment to extensive member and manager involvement. Tammy has historically led the audits of the Okaloosa County Sherriff, Tax Collector and Property Appraiser as well County wide engagement planning and performance and review of complex audit areas. Tammy is a Certified Fraud Examiner and Certified in Financial Forensics.

Joseph Henderson, CPA, CITP (Jody) will serve as an Engagement Member. He is a continuous learner and his latest area of study relates to the Restore Act and its anticipated distribution of funds. He has attended multiple meetings and seminars on the Restore Act and we plan to put his knowledge to use as funds flow to Okaloosa County. Jody has over 30 years of experience as a Certified Public Accountant serving units of government and various other sectors. He is available for consultation and assistance in any aspect of the Okaloosa County Audit.

Jack Rowell, CPA who is the Member responsible for the audits of Escambia and Santa Rosa Counties, will complete the quality review of all work performed and of all audit reports prior to issuance. This second member review is required by Warren Averett to be performed by someone outside the primary engagement team to ensure the work performed supports the audit opinions issued. Jack has been auditing units of local government since 1980.

Kevin Bowyer, CPA, CITP, CISA and Paul Perry, CPA, CITP will assist in the evaluation of IT general and application controls. Both have obtained advanced certifications in the area of IT systems and controls.

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Christie Owens, CPA\* serves as the Senior Manager and is responsible for assistance with planning and auditing of complex areas as well as supervision of the team. Christie's focus has historically been BCC and Clerk operations and she has extensive knowledge of the enterprise fund operations and activity. Christie has been auditing units of local government since 2004 and is also responsible for review of the comprehensive annual financial report and all related reports under Member supervision.

Kevin Wang, CPA, CGFM serves as a Supervisor on the engagement. Kevin, in addition to being a CPA, is a Certified Government Finance Manager, which displays his commitment to the government sector. Kevin's primary role is facilitating the use of electronic auditing or data extraction and analysis in our approach to the County's audit. Kevin is proficient in both excel and IDEA (Interactive Data Extraction Analysis). IDEA allows us overcome challenges in data analysis and gives Warren Averett access to its 100+ common audit functions at the click of a button, including Benford's Law, Gap Detection, Field Manipulation, Summarization, Stratification, Sampling and more. Kevin assisted the Clerk's office this year in developing a fully integrated excel spreadsheet to compute compensated absences based on a revised policy – evidence of our mission for innovative solutions and total client satisfaction.

Jamie Ziembo, CPA\* serves as a Senior Associate on the County engagement. Jamie started with Warren Averett in 2015 and became an integral member of the County's engagement team. She had significant government accounting and auditing experience while working in Michigan. She is responsible for auditing areas such as debt and fixed assets as well as supervising other team members in the field.

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## Joint Venture

We are not proposing as a joint venture or consortium nor will any portion of the proposed audits be subcontracted to another firm. Thus, Warren Averett is the principal and only auditor.

## Continuing Professional Education of Supervisory and Management Staff

As evidenced by the certifications and credentialing of the individuals assigned to the Okaloosa County, Florida engagement, continuing professional education in the government sector, is an integral part of our commitment. Abbreviated training course detail is listed on each resume and we can produce via our CPE reporting software detailed electronic records for each team member.

## Quality of Staff over the Term of the Engagement

We believe we have selected a team of individuals to serve Okaloosa County, Florida that have intimate knowledge of its history, services, accounting systems, and internal control structure to both effectively and efficiently optimize our client relationship. The high percentage of partners assigned to the Okaloosa County audit relative to our overall team provides significant involvement of our management team in the performance of our audit services allowing the County to be served by knowledgeable and experienced professionals.

Our approach is to assign the same team members to continuing engagements each year, whenever possible. Promotions, new responsibilities and circumstances beyond our control may necessitate the substitution of team members identified with associates with comparable experience over the course of the contract. However, we will not change the Members or Senior Managers without prior approval from the County.

Warren Averett is dedicated to controlling team turnover because we recognize that efficient client service benefits both our clients and our firm. Our reputation for quality service and talented people allows us to recruit and retain committed professionals. We take pride in offering our employees a progressive employment structure, including flexible work schedules and competitive compensation and benefits programs. In addition, our year round practice allows for constant staffing levels. All of these factors contribute to our retention rate. While some degree of turnover is inherent in any organization, Warren Averett is committed to A+ talent through A+ service and A+ clients.



## ANGELA D. BALENT, CPA

Overall Engagement Team Member

D 850.275.1224 | F 850.664.2562

45 Eglin Parkway, N.E., Suite 301 | Fort Walton Beach, FL 32549

Angela.Balent@warrenaverett.com

Angela Balent joined the Firm in 1992 and is a Member in the Firm's Audit and Accounting Services Divisions. She has more than 23 years of experience in public accounting and specializes in audit and attest services, and serves as a leader for the Firm's Audit Best Practice Group. Angela has extensive experience with governmental and nonprofit, Common Interest Realty Associations and construction and governmental contractors. She has served as a reviewer for the GFOA Certificate of Achievement program. Angela Balent is licensed as a Florida Certified Public Accountant.

### Professional Affiliations

- Economic Development Council of Okaloosa County, Past Chairman
- Emerald Coast Chapter of the Florida Institute of Certified Public Accountants, Past President
- Government Finance Officers Association, CAFR and PAFR Special Reviewer
- Florida Government Finance Officers Association, Conference Committee, Web Training Committee
- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants

### Relevant Continuing Professional Education (past 2 years)

Since 2014, Angela Balent has earned 48 CPE hours specifically related to Governmental Accounting and Auditing. A brief overview of relevant courses is listed below:

- Governmental Bootcamp
- FGFOA Governmental Accounting and Financial Reporting
- FGFOA Annual Conference
- GASB Update / Government Training
- Independence Training
- Accounting Trends Update
- HIPAA Training

## SOLID RELATIONSHIPS

### Governmental Experience

Okaloosa County, Florida  
 City of Fort Walton Beach, Florida  
 City of Callaway, Florida  
 City of Valparaiso, Florida  
 Gulf Consortium  
 Town of Shallmar, Florida  
 Town of Cinco Bayou, Florida

### Education

Bachelor of Science in Business  
 Administration  
 Bowling Green State University, Bowling  
 Green, OH



PASSION TO WIN

## TAMMY S. MCGAUGHY, CPA, CFE, CFF

### Engagement Member

D 850.275.1227 | F 205.979.6313

45 Eglin Parkway, N.E., Suite 301 | Fort Walton Beach, FL 32548

Tammy.McGaughy@warrenaverett.com

Tammy McGaughy joined the Firm in 1996 and is a Member in the Firm's Accounting Services and Audit Divisions. She has more than 23 years of experience in the field of public accounting and specializes in audits of governmental units and non-profit associations. Tammy McGaughy is a Certified Public Accountant in the State of Florida. She is also a Certified Fraud Examiner and Certified in Financial Forensics.

#### Professional Affiliations/Recognitions

- Association of Certified Fraud Examiners
- Florida Government Finance Officers Association
- Florida Institute of Certified Public Accountants
- American Institute of Certified Public Accountants
- Fort Walton Beach Chamber, President

#### Relevant Continuing Professional Education (past 2 years)

Since 2014, Tammy McGaughy has earned 26 CPE hours specifically related to Governmental Accounting and Auditing. A brief overview of relevant courses is listed below:

- Governmental/ Non-Profit Board Governance Training
- Governmental Bootcamp
- Accounting Trends Update
- Independence Training
- Game Plan for Preventing and Detecting Fraud in your Not-For-Profit
- HIPAA Training

#### Governmental Experience

Okaloosa County, Florida  
 City of Mary Esther, Florida  
 City of Milton, Florida  
 City of Niceville, Florida

#### Education

Bachelor of Science in Accounting  
 The Ohio State University, Columbus, OH



**JOSEPH W. HENDERSON, CPA, CCIFP**  
Engagement Member

D 850.275.1223 | F 850.664.2562

45 Eglin Parkway, N.E., Suite 301 | Fort Walton Beach, FL 32548

Jody.Henderson@warrenaverett.com

Jody Henderson has been with the Firm since 1986 and is the Firm's operations leader for the Gulf Coast. He is also a Member in the Firm's Audit and Consulting Divisions. Jody has more than 30 years of experience, and specializes in the areas of audit and accounting services for governmental entities, not-for-profit organizations, construction contractors, real estate developers, condominium associations and defense contractors. He is also proficient in income tax planning and preparation, retirement and estate planning and litigation support. Jody Henderson is a Certified Public Accountant in the State of Florida.

**Professional Affiliations**

- Government Finance Officers Association
- Florida Government Finance Officers Association
- Construction Financial Management Association
- Florida Institute of Certified Public Accountants
- American Institute of Certified Public Accountants

**Relevant Continuing Professional Education (past 2 years)**

Since 2014, Jody Henderson has earned 8.5 CPE hours specifically related to Governmental Accounting and Auditing. A brief overview of relevant courses is listed below:

- Accounting and Auditing Update
- Independence Training
- Accounting Trends Update
- HIPAA Training

SHARING  
OUR SUCCESS

**Governmental Experience**

Okaloosa County, Florida

City of Milton, Florida

**Education**

Bachelor of Arts in Accounting

University of West Florida, Pensacola, FL





## KEVIN D. BOWYER, CPA, CITP, CISA

IT Review Member

D 850.337.2422 | F 850.837.4583

36474C Emerald Coast Pkwy., Suite 3301 | Destin, FL 32541

Kevin.Bowyer@warrenaverett.com

Kevin Bowyer joined the Firm in 1990 and is a Member in the Firm's Audit Division. Kevin has over 24 years of experience in public accounting and specializes in planning, supervising and conducting audits of companies in a variety of industries including government, government, hospitality, real estate, professional services, nonprofits, and manufacturing and distribution. He also has extensive knowledge in consulting and performing audits in the areas of IT Risk Management, SOC Engagements, and Internal Control evaluations. Kevin is also experienced in both corporate and individual tax planning, compliance and preparation in all of the above referenced industries. Kevin Bowyer is a Certified Public Accountant in Florida. He is also a Certified Information Technology Professional and Certified Information Systems Auditor.

### ENTREPRENEURSHIP

#### Governmental Experience

City of Gulf Breeze, Florida

Gulf Breeze Financial Services, Inc.

City of Niceville, Florida

Walton/Okaloosa/Santa Rosa Regional Utility Authority

South Walton Fire District

Mid-Bay Bridge Authority

Florida Community Services Corporation of Walton County

Niceville-Valparaiso Regional Sewer Board

#### Education

Bachelor of Arts in Accounting

University of West Florida, Pensacola, FL

#### Professional Affiliations

- North Gulf Coast Chapter Community Associations Institute, Vice President
- Government Finance Officers Association
- Florida Government Finance Officers Association
- Florida Institute of Certified Public Accountants, Past Board of Governors
- American Institute of Certified Public Accountants, SOC Peer Review Specialist

#### Relevant Continuing Professional Education (past 2 years)

Since 2014, Kevin Bowyer has earned 40 CPE hours specifically related to Governmental Accounting and Auditing. A brief overview of relevant courses is listed below:

- Governmental/Non-Profit Board Governance Training
- Accounting Trends Update
- Governmental Bootcamp
- Accounting and Auditing Update
- Affordable Care Act / Compliance
- CPEA A&A Issues and OMB Circular A-133 Update
- Independence Training
- HIPAA Training



## INTENSE CLIENT FOCUS

### Governmental Auditing Experience

Escambia County, Florida  
 Santa Rosa County, Florida  
 Okaloosa County, Florida  
 City of Foley, Alabama

### Education

Bachelor of Science in Accounting  
 Troy University, Troy, AL

## JACK ROWELL, CPA

### Technical Review Member

D 850.444.7204 | F 850.435.2888

316 South Baylen Street, Suite 300 | Pensacola, FL 32502

Jack.Rowell@warrenaverett.com

Jack Rowell has been with the Firm since 1980 and is a Member in the Firm's Audit Division. Jack has over 36 years of experience and has managed and supervised audits of large governmental entities representing over 110,000 total audit hours. Jack is an Audit Practice Leader for our Gulf Coast offices and over 80 percent of his client responsibilities rest with large governmental and nonprofit entities that file CAFRs and have significant federal and state funding. Jack is one of the Firm's leading experts in governmental accounting and auditing matters and routinely teaches training sessions to develop and improve the skills of the auditors that serve the Firm's governmental clients. He has served as a reviewer for the GFOA Certificate of Achievement program. Jack recently taught three CPE courses entitled "Common Financial Reporting Pitfalls," "Foundations in Governmental Accounting" and "Comprehending OMB A-133." Jack Rowell is a Certified Public Accountant in Florida and Alabama.

### Professional Affiliations

- Government Finance Officers Association
- Florida Government Finance Officers Association
- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants

### Relevant Continuing Professional Education (past 2 years)

Since 2014, Jack Rowell has earned 78 CPE hours specifically related to Governmental Accounting and Auditing. A brief overview of relevant courses is listed below:

- FICPA Government Accounting Conference
- FGFOA Governmental Accounting and Financial Reporting
- FGFOA Annual Conference
- Governmental Boot Camp
- CPEA A&A Update and EBP Matters
- Accounting Trends update
- Governmental / Non-Profit Board Governance Training
- GASB Update / Government Training
- HIPAA Training



## CHRISTIE M. OWENS, CPA\*

Senior Manager, County Wide

D 850.275.1242 | F 850.664.2562

45 Eglin Parkway, N.E., Suite 301 | Fort Walton Beach, FL 32549

Christie.Owens@warrenaverett.com

Christie Owens joined the Firm in 2004 and is a Senior Manager in the Firm's Audit and Accounting Services Division. With more than 12 years of audit and accounting experience, she specializes in units of government, common interest realty associations and nonprofit organizations. Christie's responsibilities include managing audits, reviews and compilation engagements. She has also been managing the County's audit work for the past 4 years. Christie Owens is a Certified Public Accountant (state of North Carolina).\*

### Professional Affiliations

- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants

### Relevant Continuing Professional Education (past 2 years)

Since 2014, Christie Owens has earned 38 CPE hours specifically related to Governmental Accounting and Auditing. A brief overview of relevant courses is listed below:

- AICPA Governmental and Not-For-Profit Training Program
- Governmental / Non-Profit Board Governance Training
- Step By Step Guide to Compliance Auditing (HGCA)
- Independence Training
- Accounting Trends Update
- HIPAA Training

INTEGRITY  
IN ALL WE DO

### Governmental Experience

Okaloosa County, Florida  
 South Walton Utility Company, Inc.  
 Destin Water Users  
 South Walton County Mosquito Control District  
 Town of Cinco Bayou, Florida

### Education

Bachelor of Science in Business  
 Administration in Accounting  
 University of West Florida, Pensacola, FL  
 Bachelor of Arts in Psychology  
 University of West Florida, Pensacola, FL



## PAUL M. PERRY, FHFMA, CITP, CPA\*

Senior Manager

D 205.769.3251 | F 205.979.6313  
 2500 Acton Road | Birmingham, AL 35243  
 Paul.Perry@warrenaverett.com

Paul Perry has been with the Firm since 2004 and is a Senior Manager in the Firm's Consulting Division - focusing on internal control and information technology related projects. Paul is also a member of the Firm's Data Analysis Group, a team of individuals within the Firm who provide data analysis solutions to both internal and external clients. For more than 11 years, he specialized in accounting advisory and review assurance services, as well as external and employee benefit plan audits. Paul has extensive experience serving clients in the nonprofit, governmental, financial, insurance and healthcare facilities/hospital industries. Paul Perry is a Certified Public Accountant (state of Alabama).\*

INTENSE  
CLIENT FOCUS

### Designations and Certifications

Certified Public Accountant  
 Fellow of the Healthcare Financial  
 Management Association  
 Certified Information Technology  
 Professional

### Areas of Special Emphasis

Accounting Advisory Services, Data  
 Analysis, Employee Benefit Plan Audits,  
 External Audits, Information Technology  
 Projects, Internal Control Assessments,  
 Review Assurance Services

### Education

Bachelor in Business Administration,  
 Accounting and Information Systems  
 emphasis  
 Troy University, Troy, AL

### Professional Affiliations

- Healthcare Financial Management Association
- Certified Information Technology Professional
- American Institute of Certified Public Accountants
- Alabama Society of Certified Public Accountants

### Relevant Continuing Professional Education (past 2 years)

Since 2014, Paul Perry has earned 20 CPE hours specifically related to Governmental Accounting and Auditing. A brief overview of relevant courses is listed below:

- Independence Training
- Accounting Trends Update
- Bisk Winter NFP Update
- Bisk Winter GAA Update
- HIPAA Training



## KEVIN H. WANG, CPA, CGFM

### Supervisor

D 850.275.1247 | F 850.664.2562

45 Eglin Parkway, N.E., Suite 301 | Fort Walton Beach, FL 32548

Kevin.Wang@warrenaverett.com

Kevin Wang is a Supervisor in the Audit Division of the Fort Walton Beach office. Kevin's responsibilities include the review of entry and intermediate work and supervision of attest engagements. He specializes in single-audit engagements and focuses the majority of his time on nonprofit and governmental entities. Kevin is a Certified Public Accountant in the State of Florida. He is also a Certified Government Finance Manager (CGFM).

### Professional Affiliations

- Florida Government Finance Officers Association, Panhandle Chapter
- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants

### Relevant Continuing Professional Education (past 2 years)

Since 2014, Kevin Wang has earned 26 CPE hours specifically related to Governmental Accounting and Auditing. A brief overview of relevant courses is listed below:

- Governmental Boot Camp
- GASB Update / Government Training
- AICPA Advanced IT Audit Training School - How to Perform Tests of IT Controls in Assurance Services
- Independence Training
- Accounting Trends Update
- CPEA Webinar: IT Risks and Electronic Banking + Initial Audit Issues
- HIPAA Training



### Governmental Experience

Okaloosa County, Florida  
 City of Fort Walton Beach, Florida  
 City of Milton, Florida  
 City of Callaway, Florida  
 City of Niceville, Florida  
 City of Valparaiso, Florida  
 Town of Shalimar, Florida  
 Town of Cinco Bayou, Florida

### Education

Bachelor of Science in Business  
 Administration, Accounting  
 Auburn University, Auburn, AL  
 Master of Accountancy  
 Auburn University, Auburn, AL



PASSION TO WIN

#### **Governmental Experience**

Okaloosa County, Florida  
Mid-Bay Bridge Authority

#### **Education**

Bachelor of Business Administration  
University of Michigan, Flint, MI

## **JAMIE ZIEMBO, CPA\***

### **Senior Associate**

D 850.688.9399 | F 850.664.2562

45 Eglin Parkway, N.E., Suite 301 | Fort Walton Beach, FL 32548

Jamie.Ziembo@warrenaverett.com

Jamie Ziembo joined Warren Averett in 2015 and is a Senior Associate in the Firm's Audit Division. She has more than four years of public accounting experience. Jamie's primary responsibilities include performing and managing engagements, reviewing staff work and communicating with client personnel. She also has extensive experience with audit and attestation work for various industries including Governments, Nonprofits, Construction, Manufacturing and Employee Benefit Plans. Jamie is a Certified Public Accountant (state of South Carolina).\*

#### **Professional Affiliations**

- American Institute of Certified Public Accountants

#### **Relevant Continuing Professional Education (past 2 years)**

Since 2014, Jamie Ziembo has earned 20 CPE hours specifically related to Governmental Accounting and Auditing. A brief overview of relevant courses is listed below:

- Governmental / Non-Profit Board Governance Training
- Governmental Boot Camp
- Not-for-Profit Accounting, Auditing and Tax Update
- Accounting Trends Update
- Accounting and Auditing Report
- HIPAA Training

## b) SPECIFIC AUDIT APPROACH

### Understanding of Scope of Services

Warren Averett understands that the audit should be performed in accordance with the following as they exist or as each may be subsequently amended:

- 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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) (the Uniform Guidance supersedes the requirements under OMB Circular A-133)
- The Florida Single Audit Act
- Rules of the Auditor General, State of Florida, Chapter 10.550
- Rules of the Executive Office of the Governor
- Florida Statutes as applicable
- Florida Administrative Code
- Passenger Facility Charge Audit Guide for Public Agencies
- 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.

#### **Warren Averett understands the scope of services as follows:**

- The scope of the audit engagement will require the annual examination of the BCC and individual elected officials' financial statements as required by the Auditor General for the fiscal years 2016, 2017 and 2018. Three one-year extensions for services can be opted by the Audit Committee.
- The Clerk will have primary responsibility for producing the CAFR (and all elements thereof) as well as the Annual Audit Report required by the Florida Auditor General. The auditor shall assist in the preparation and review of the County's CAFR and annual financial report. 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.
- The auditors shall perform an evaluation of internal controls over financial reporting and compliance as required by GAAS and GAO.
- The audit shall be performed to meet the requirements of The Uniform Guidance (Previously OMB Circular A-133), the State of Florida Single Audit Act, Rules of the Florida Auditor General and other standards as previously listed.
- Warren Averett will communicate any significant deficiencies or material weaknesses as it relates to the systems of internal controls or compliance to governance. Immediate written reports of any irregularities or illegal acts will be made to the Finance Director, BCC and County Administrator.

- 
- Warren Averett agrees to the schedule for the 2016 fiscal year audit as identified in Part V of your request for proposal.
  - Prior to submission of the completed report, Warren Averett will review a draft of the proposed report and any findings or recommendations with individual constitutional officers and management of the BCC.
  - The independent audit reports shall be delivered by Warren Averett to the Clerk's liaison for inclusion in the audit report that is published on behalf of the County.
  - Warren Averett will be available to attend the BCC meetings at which time the audit report will be submitted for acceptance. The auditor is also available to meet with each member of the BCC on an individual basis.
  - Warren Averett will communicate with governance at the conclusion of each audit concerning responsibilities, significant audit policies and other information required to be communicated per GAAS.

**Warren Averett also commits to issue the following reports to the County:**

- A report on the fair presentation of the basic financial statements in conformity with generally accepted accounting principles including an in-relation to opinion report on the combining and individual non-major fund financial statements and the schedule of expenditures of Federal Awards and State financial assistance.
- A report on compliance and internal control over financial reporting based on an audit of the financial statements performed in accordance with Government Auditing Standards.
- A report on compliance applicable to each major Federal program, each major State project and the Passenger Facility program and on internal control over compliance in accordance with OMB Circular A-133, Executive Office of the Governor's State Project Compliance Supplement and Chapter 10.550, Rules of the State Auditor General. (OMB Circular A-133 will be superseded by the Uniform Guidance effective for the Okaloosa County audit as of the year ended 09/30/216)
- Any other reports required by the Florida Auditor General or other Federal or State Agency to include the Solid Waste Annual Financial Assurance requirements per Florida Statute 403.7125, Florida Statute 218.415 in regard to investments, Florida Statutes 28.36 in regards to court-related functions and Florida Statutes 288.8018 regarding the Deepwater Horizon Oil spill receipts and expenditures.

**We understand the scope of the work and affirm our continued ability to provide such services.**

Our overall audit approach is risk based founded on involvement of experienced personnel, planning and regular communication. We believe it is important to address technical issues and new auditing or accounting pronouncements that may affect the audit throughout the year, avoiding uncertainties and delays at year-end.

We would continue regular contact with the Clerk of the Circuit Court and Comptroller, Finance Officer of the BCC, Internal Auditor, Grants Manager, County Administrator and finance managers of the Enterprise Funds. We would also have regular contact with the constitutional officers and their finance managers. These meetings serve as a platform for formalizing the audit action plans, including follow-up from previous



year findings or recommendations, provide an opportunity to remain current on Okaloosa County events, and allow confirmation of the expectations of all parties regarding timing and delivery of services.

### **Commitment to the Timeline**

Warren Averett has reviewed the time requirements outlined in Section V of the RFP and pledges to commit to the timely delivery of audit services

Interim work will be performed during the period of July 1 to August 30 each year for the BCC and Constitutional Officers. A detailed audit plan and list of information needed will be available to the BCC and each Constitutional Officer prior to November 15<sup>th</sup> each year.

We have and will continue to meet with each Constitutional Officer and their Finance Manager for an entrance conference and to review their respective financial statements and any findings or recommendations at the completion of fieldwork. Draft Constitutional Officers financial statements and recommendations will be complete as of December 31<sup>st</sup> each year.

Fieldwork for the BCC audit will be complete by January 31<sup>st</sup> of each year. Entrance and exit conference will also be held with appropriate BCC representatives to include the significant enterprise fund managers as well as the TDD. Comprehensive draft reports for the county-wide reporting entity including findings and or recommendations will be complete as of March 1 of each respective year and vetted appropriately with management prior to final publication.

If there are unexpected delays in receiving information to complete the audit procedures in accordance with the timeline, Warren Averett will inform management of the appropriate BCC function and County Administrator, or constitutional officer and their respective finance manager, as applicable, along with the Clerk of the Circuit Court and Comptroller based on his function as preparer of the financial statements.

### **Specialized Knowledge**

#### County Wide

Embedded in our detailed audit approach that follows is our understanding of Okaloosa County's major funds. Each individual Okaloosa County enterprise fund generates and captures revenue activity through distinct processes and software. All activity is ultimately recorded into SunGard Pentamion by the Clerk of the Court and Comptroller's Office; however the internal control processes surrounding revenue generation at each Enterprise fund is unique and an understanding of each process, along with substantive testing is required to audit Okaloosa County, Florida. Further, at the Airport, specific additional compliance testing that requires in-depth knowledge of FAA rules is necessary to ensure the Airport access to significant capital improvement grant funding for future capital needs.

Each Constitutional Officer, with the exception of the Supervisor of Elections who has elected to have the Clerk perform his accounting function, has a separate and distinct accounting function along with a separate control environment and internal control policies and procedures. Understanding and testing each system is critical to a quality audit.

Warren Averett's specialized knowledge of Okaloosa County allows us to audit the County both effectively and efficiently, letting management focus on operational demands rather than "training" new auditors.

## On the Horizon

### Restore Act Expertise

On April 20, 2010, the largest offshore oil spill in the United States occurred, allowing oil to flow unchecked for three months. The cause was an explosion of the Deepwater Horizon, an oil rig drilling in the Gulf of Mexico. Before the well was capped, millions of barrels of crude oil were released, causing extensive damage to marine and wildlife habitats, and tourism. On July 6, 2012, the President of the United States signed into law the Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States (RESTORE) Act. The Act established the Gulf Coast Restoration Trust Fund in the U.S. Treasury Department, enabling eighty percent of the civil penalties paid under the Federal Water Pollution Control Act to be deposited into the Trust Fund and invested. Under the Act, amounts in the Trust Fund will be available for programs, projects, and activities that restore and protect the environment and economy of the Gulf Coast region.



We have been involved in the RESTORE Act since its infancy. We have tracked the legislation and attended several meetings of the RESTORE Act Council. We knew from the start we needed to be informed and engaged so we could best serve the Florida Counties we audit.

Warren Averett provided Audit services to The Gulf Consortium in 2014 and 2015, giving us extensive knowledge pertaining to the RESTORE Act compliance requirements and the recovery of the Gulf Coast. The Gulf Consortium is a public entity created in 2012 through inter-local agreement among Florida's 23 Gulf Coast counties, from Escambia County in the western panhandle of Florida to Monroe County on the southernmost tip of Florida. These Counties formed the Consortium to meet requirements of the RESTORE Act and to develop a State Expenditure Plan for economic and environmental recovery of the Gulf coast following the oil spill.

We live and work in 4 of the 23 Counties that were impacted by the Deepwater Horizon Oil Spill in 2010, and we are personally invested in the impacts of the spill and the programs that helped to recover our ecosystem and our economy. Warren Averett currently audits 3 of the 7 disproportionately affected counties in Northwest Florida alone. It is with this experience and expertise in serving Northwest Florida Counties that we feel Warren Averett offers significant value to the County when it comes to compliance efforts towards the RESTORE Act. Our involvement throughout this process has furthered our understanding of the requirements of the RESTORE Act and we stand ready to best serve Okaloosa County.

- (1) Proposed segmentation of the engagement; level of staff and number of hours to be assigned to each proposed segment of the engagement; and extent of use of EDP software in the engagement.

#### SEGMENT 1: PLANNING AND AUDIT RISK ASSESSMENT

We estimate 20-25 percent of the audit can be completed at interim. Ideally, these procedures will be performed July 1<sup>st</sup> to August 30<sup>th</sup>, 2016 in cooperation with the County. Typical "interim" procedures performed will be as follows:

- Initial planning sessions – Conduct internal planning sessions required by SAS 99 and make applicable fraud inquiries and discuss any significant events or transactions. We will also discuss with management areas where we feel further testing is deemed necessary, or if they have specific areas of concern prior to finalizing our audit approach.
- Understanding of internal controls – Review internal control memos and conduct interviews to update and document our understanding of internal controls relative to financial statements and controls over Federal and State programs.
- Testing internal controls – Tests will evidence whether key controls over significant transaction cycles are designed and operating as intended by performing walkthroughs of transactions in system. Will include testing of internal controls over electronic data including general, application and user controls as well as tests of controls over financial reporting and compliance.
- Assessing audit risk – Evaluate risks associated with the County's operating environment (financial and compliance) and where your financial statements could be susceptible to material misstatement or fraud, while considering the controls you have in place to mitigate these risks.
- Establishment of materiality – When auditing governmental entities, Warren Averett has a specific approach for establishing materiality, focusing on total assets and total revenue, while evaluating areas historically susceptible to potential or actual errors.
- Review of grant agreements – Review the OMB Compliance Supplement to ensure our audit will be planned to comply with OMB's risk based audit approach and structured to ensure adequate testing for compliance with laws, rules and regulations. Evaluate and document new grant funding received during the year.
- Reporting and Disclosures – Discuss effect of implementation of any new accounting pronouncements. Meet with your personnel to determine if any report formatting or note disclosure changes are planned for the coming year. If so, review proposed changes to formats.

#### Our Four-Segment Approach to Financial Statement Audits



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## SEGMENT 2: DETAILED AUDIT PLAN AND FIELDWORK

After the books have been closed and all client-prepared schedules are completed, we will return to the field in November and December to perform the year-end account balance work. A detailed work plan and budget will be followed to ensure that our audit procedures are directed at items material to the financial statements. Procedures could include, but will not be limited to the following:

- Substantive Procedures– Perform test of details based on audit risk assessment through either substantive detail testing or analytical testing. When possible, we will utilize analytical procedures, such as reasonableness tests, trend analysis, and predictive tests, to reduce substantive testing.
- 3rd Party Confirmations– Utilize third party confirmations for cash, investments, receivables, debt and other balances, as deemed necessary.
- Compliance Testing– Perform detailed transaction testing for compliance with selected State Statutes and single audit requirements.
- Data Analysis– Utilize data extraction software to automate testing of large account balances. We use a variety of products including IDEA, Monarch and ACL which allows for more effective audits.

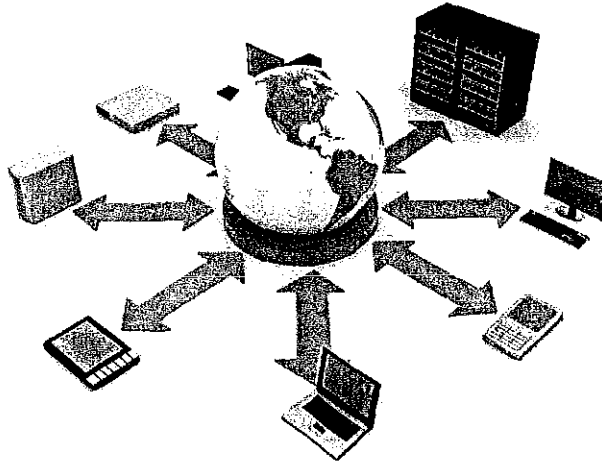
By using the specialized software, we can quickly sort, filter and analyze multiple transactions in a population. These computerized auditing techniques allow us to identify anomalies, making it easier to focus in on areas of potential concern and drill down on those items that have the highest risk. Examples of uses of extraction and data analysis in our audit approach are as follows:

- Summarize disbursements for a period by dollar range and compare to policy guidelines for approvals and signature requirements.
- Search register listing for search for unrecorded liabilities or checks written during the year.
- Summarize bank or investment statement activity converted to Excel. This provides a quick listing of deposits for an entire period/year.
- Convert vendor files to Excel, which includes addresses, and compare to employee file with addresses for any similar or unusual items related to vendor files.
- Sort general ledger detail by account and summarize by journal entry number for easier and more effective, consistent journal entry testing procedures. Including completeness testing of all activity for the year compared to change in trial balance amounts from year to year.
- Assist clients if they have internal uses for data extraction. We routinely assist clients with conversion of PDF information to Excel files.

Through these procedures, we will become intimately familiar with your business. All team members will utilize laptop computers and set up a mini-network in the field in order to share electronic data files created as part of the audit.

## SEGMENT 2: DETAILED AUDIT PLAN AND FIELDWORK

## Technological Resources



### Collaboration

We use Microsoft Skype to connect with our systems and staff wherever they are to deliver presence, instant messaging, voice, video and integrated online meeting capabilities.

### Data Security

All laptops are encrypted and have secure VPN networks back to the network. Secure client portals seamlessly transfer files between client and service teams.

### Efficient Workforce

All staff have laptop systems, mobile digital scanning and printing capability, as well as wireless broadband connectivity to the network.

### Data Extraction and Analysis

We use IDEA software to extract data and test large account balances.



### Proprietary Workflow Management

We have made significant investments developing software that tracks every phase of your audit engagement, manages timelines and coordinates deadlines.

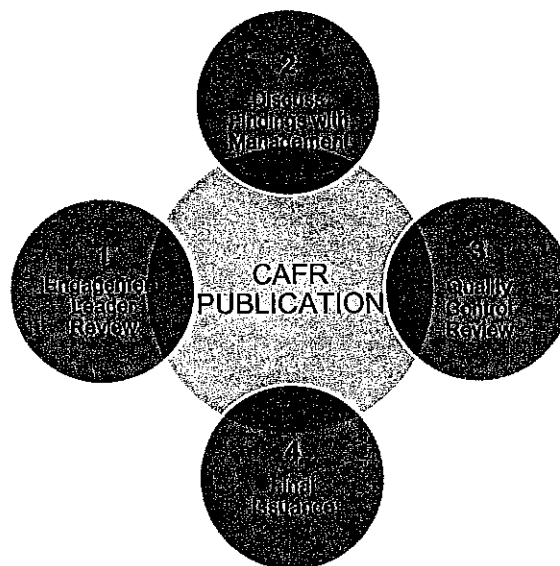
### SunGuard Pentamation and MORE

Professional assigned to this engagement are proficient with the County's primary accounting software SunGuard Pentamation. However, that is just one of the many software applications that is used by the County in capturing financial data and source documents. We also have in-depth experience and knowledge of Onbase, Naviline, PropWorks, WasteWorks, and QuickBooks all programs used by the BCC as well as OnCore/Benchmark, Power DMS, BUCS, Taxsys, Sage and CAMA, which are software applications used by the various constitutional officers. This knowledge and experience enhances the audit process in both efficiency and quality of substantive procedures performed.

### SEGMENT 3: MANAGEMENT REVIEW & CONFERENCES

Near completion of fieldwork, the necessary upward reviews including Member and Manager level reviews will be performed in the field. This will allow for resolution of any review questions and permit a more timely completion of the audit.

All preliminary audit adjustments and any audit findings, which will appear in the report on compliance and internal control and in the management letter, will be discussed in advance with client personnel. Any items that came to our attention that are not what we consider major items may be discussed verbally with management and not included in the management letter.



### SEGMENT 4: CAFR PUBLICATION

The Certificate of Excellence in Financial Reporting Program (CAFR Program) was established by the Government Finance Officers Association (GFOA) to encourage state and local governments to go beyond the minimum requirements of generally accepted accounting principles. Accordingly, CAFRs are a means for a government to present information in the transmittal letters and statistical information to promote transparency and full disclosure. The infographics at the beginning of our proposal is information found in the Okaloosa County CAFR. We stand ready to assist the County if there is a desire to incorporate certain graphical elements into the CAFR transmittal letter to showcase the County's attributes.

As a part of the engagement, the Warren Averett team will complete a detailed review of the CAFR prepared by the County staff and provide guidance as to the compliance with the CAFR Program as established by the GFOA. We will also assist the County in implementing all applicable Government Accounting Standards Board (GASB) accounting and reporting standards, as issued or revised.

While the County recognizes their role in preparing the CAFR, we will assist in the preparation of the aforementioned CAFR document. Warren Averett will assist in:

1. Proofreading of entire document
2. Overall review including layout, design and suggested improvements according to the disclosure checklists, including the GFOA checklist for General-purpose Government
3. Any other guidance necessary to facilitate the County's successful participation in the Program

Also during this phase, the audit opinions are finalized and the report and key audit work papers undergo quality review by a Member outside the engagement team with significant government and Single Audit Act experience. This review is just one of the many elements of our quality control system and evidence of our commitment to technical excellence.

**Level of staff and number of hours to be assigned to each proposed segment of the engagement**

Phase	Member*	Manager	Supervisory Staff	Staff
Planning & Audit Risk Assessment	110	100	200	150
Detailed Audit Testing & Procedures	50	70	335	570
Management Review & Conferences	75	50	25	10
CAFR Publication	65	80	60	10
<b>Total Hours</b>	<b>300</b>	<b>300</b>	<b>620</b>	<b>740</b>

\*Includes IT Specialist

**Extent of use of EDP software in the engagement**

Warren Averett has a corporate philosophy that embraces technology and has a team of dedicated IT experts. In addition, all of our auditors are equipped and trained on electronic data mining and processing software, and will use it in areas where such procedures are determined to be cost effective. Leading the profession, we have been paperless since 2004. Warren Averett currently has three Certified Information Technology Professionals on staff (CITP). This credential is granted exclusively to CPAs who demonstrate considerable expertise in information management and technology assurance through their knowledge, skills and experience. Warren Averett is committed to continuously improving IT accounting skills and expertise for our clients.

Our Firm also utilizes IDEA, data extraction software (DES), to analyze information downloaded from our client's computer system during several phases of the audit. Once the information is downloaded, we can perform a variety of tasks on electronic data using DES, such as the following:

- Mathematical testing
- Detailed analytical procedures
- Analyzing groups of vendor and dollar amount purchases for circumvention of policies
- Comparison of separate databases such as employee and vendor files for the same addresses
- Aging and stratification of data
- Exception reporting such as using the hours to gross payroll data to analyze files for anomalies such as excessively high hourly rates, regular hours greater than 80 hours in a pay period, high overtime hours, overtime hours with vacation or sick leave, etc.
- Selecting and evaluating statistical samples in conjunction with tests of controls over payroll, disbursements, receipts and purchasing functions

- Graphing of results
  - DES offers benefits including improved audit efficiency and better quality audits
- (2) Approach to be taken to gain and document an understanding of Okaloosa County's internal control structure; and type and extent of analytical procedures to be used in the engagement.

The internal control structure of the County, and its operating effectiveness, is the responsibility of management throughout the organization. We will further our understanding of the internal control system as follows:

- Review management's documentation of the flow of transactions, including specific key controls that serve to prevent errors and fraud.
- Conduct interviews, with both management and the employees responsible for various aspects of the control structure, to update and document our understanding relative to both controls over financial reporting and controls over compliance with Federal and State programs.
- Management's written policies will be requested, analyzed, and compared against the documentation of the flow of transactions.
- Detailed walkthroughs, consisting of procedures such as inspections, re-performance, inquiry and observations, will be performed on all key controls and significant transaction cycles.
- Tests of controls will most likely be performed based on the outcome of our understandings and walkthroughs, which ultimately may be used to reduce the amount of substantive test work required to be performed if controls are deemed to be effective at reducing the risk of misstatement to tolerable levels.

#### **Type and extent of analytical procedures to be used in the engagement**

Warren Averett uses analytical procedures in several areas of our governmental audits including:

- **Preliminary (Planning) Analytical Procedures.** These procedures are used to enhance our understanding of the County's operations and assist in assessing areas of specific risk of misstatement by identifying unusual relationships among account balances or the absence of expected relationships.
- **Substantive Analytical Procedures.** These procedures are used to obtain audit evidence about potential misstatements. The primary distinguishing feature of substantive analytical procedures is the auditor's development of an expectation or prediction of what a recorded amount, or ratio based on recorded amounts, should be.
- **Overall Review of Analytical Procedures.** These procedures are used in the final review stage of the audit.



- (3) Sample sizes and the extent to which statistical sampling is to be used in the engagement; and approach to be taken in drawing audit samples for purposes of tests of compliance.

In a governmental engagement, distinct types of audit procedures may involve the use of audit sampling as follows:

- Substantive tests of details of account balances
- Substantive tests of details of transactions
- Tests of controls, directed toward operating effectiveness or toward compliance
- Tests of compliance with laws and regulations

The two possible approaches to audit sampling are non-statistical and statistical. Either approach may be used to apply whatever tests of details the auditor deems necessary in the circumstances. Typically, we utilize non-statistical sampling for substantive tests. Tests of controls and compliance are typically performed using a statistical sample. Sample sizes are based on the tolerable rate, the risk of assessing control risk too low (risk of over-reliance), and the expected rate of deviations from prescribed controls.

#### **Approach to be taken in drawing audit samples for purposes of tests of compliance**

Warren Averett uses the guidance in the AICPA Audit Guide, *Government Auditing Standards* and the Uniform Guidance (previously Circular A-133) to address sampling in both a Yellow Book and Single Audit environment. The underlying basis for large population sample sizes is attribute sampling. When testing internal controls over compliance, the auditor is primarily concerned about the rates of deviations from prescribed controls. Similarly, in tests of compliance, the auditor is concerned about whether or not there is evidence of compliance. The minimum sample sizes are based on the significance of the control, inherent risk of the compliance requirement, and deviations expected and such minimum sample sizes range from 25 to 60 based on the assessments of the components above. However, Warren Averett uses professional judgment to determine if larger sample sizes are warranted in order to obtain sufficient appropriate audit evidence that controls are functioning in their particular circumstances.

- (4) "The proposal shall contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive maximum price to bid is to contain all direct and indirect costs, including all out-of-pocket expenses. The dollar cost proposal shall include a schedule of professional fees and expenses that supports the total all-inclusive maximum price."

*APPENDIX F*  
**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF  
 THE SEPTEMBER 30, 2016 – 2018 FINANCIAL STATEMENTS: SUPPORTING  
 SCHEDULE FOR AUDIT SERVICES**

	Estimated Hours	Proposed Hourly Rates*	Proposed Total
Partners/Members-Billed	160	190	30,400
Partners/Members-Not Billed**	100	-	-
Managers	300	163	48,900
Supervisory Staff	620	108	66,960
Staff	740	98	72,520
IT Specialist	40	190	7,600
<b>Subtotal</b>	1,960		226,380
Other Expenses (Specify)			NONE
<b>Total Price for Audit Services</b>			
Year 1 - 2016			226,380
Year 2 – 2017			230,907
Year 3 - 2018			235,525
<b>Grand Total Price for Audit Services (3 Years)</b>			692,812

\* The hourly rates stated above would be applicable for additional professional services should Okaloosa County desire to engage us for other services. The rates will be increased by 2% each year of the contract.

\*\* Warren Averett, LLC has and will continue to provide a 100 hour per year Member and management investment at no additional cost to Okaloosa County. The investment includes individual entrance and exit conferences with all Constitutional Officers and Enterprise Fund Management at the BCC.

Also included is the one on one meeting with each County Commissioner prior to the BCC meeting in which the audit is presented. Other services provided over the last contract period include educational seminars for County staff, serving on hiring committees for various financial related positions, assistance with BCC fraud response policy, responding to phone calls and emails during the year and attending meetings when requested.

In order to audit Okaloosa County, it is imperative to know what is going on throughout the year. The primary Member and Manager assigned to serve you are in continuous communication with County personnel throughout the year.

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### c) IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

As your current year auditor, we do not expect any audit problems. However, our goal in any engagement is the avoidance of issues and surprises. Open lines of communication with management, accounting personnel and governance is the foundation of our client service strategy.

As an example, the 2014 and 2015 audits did not adhere to the issuance timeline. In 2015, the constitutional officer audits have been issued while the CAFR is in process due to information received in mid-April from Florida Retirement System needed to complete the audit. While the reasons for the delay in each year were different, the communication strategy has not been. Warren Averett and County personnel worked together to communicate to all stakeholders involved in the process the reasons for the delay, the actions in progress to resolve the issues, and the revised timeline.

We will continue our commitment to Okaloosa County, Florida and ensure if unexpected circumstances arise, we work in tandem with Okaloosa County management to obtain a full understanding of the issue so that our audit procedures may be modified appropriately, and to meet the required reporting deadlines.

## EVALUATION CRITERIA

The page numbers below represent a cross-reference to our response for each evaluation criteria

<b>Criteria</b>	<b>Weight</b>	<b>Pages</b>
Responsiveness of the proposal related to the scope of work	0-5	Infographics and Transmittal Letter 1 - 8
Ability, capacity, and skill of the proposer to perform the services on a timely basis	0-25	31 - 41
Experience of the business and individual members of the business in accomplishing similar services	0-30	12 - 14 18 - 30
Total Price	0-25	42
References and recent, current, or projected workload of proposing auditors	0-10	15 - 17
Local Presence	0-5	15 18



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To the Honorable Chairman and Members of the  
Board of County Commissioners and Other Elected Officials  
Okaloosa County, Florida

## INDEPENDENT AUDITORS' REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Okaloosa County, Florida's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida, as of September 30, 2014, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison for the General Fund and Tourist Development Special Revenue Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**\* The actual reports issued for fiscal years 2016, 2017 and 2018 will be updated for changes resulting from the Uniform Guidance as well as any other professional standards.**

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Post-Employment Benefits Plans Schedule of Funding Progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Okaloosa County, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, *Local Governmental Entity Audits*, and is also not a required part of the basic financial statements of Okaloosa County, Florida. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is not a required part of the basic financial statements of Okaloosa County, Florida.

The combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of federal awards and state financial assistance, and the schedule of expenditures of passenger facility charges were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of federal awards and state financial assistance, the schedule of expenditures of passenger facility charges, and the schedule of receipts and expenditures of funds related to the deepwater horizon oil spill, are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated April 30, 2015, on our consideration of Okaloosa County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters under the heading "*Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards*". The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Okaloosa County, Florida's internal control over financial reporting and compliance.

*Warren Averett, LLC*

April 30, 2015  
Fort Walton Beach, Florida



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To the Honorable Chairman and Members of the  
Board of County Commissioners and Other Elected Officials  
Okaloosa County, Florida

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Okaloosa County, Florida as of and for the year ended September 30, 2014, which collectively comprise Okaloosa County, Florida's basic financial statements and have issued our report thereon dated April 30, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Okaloosa County, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Okaloosa County, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the Okaloosa County, Florida's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. [2014-1]

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and responses to be significant deficiencies. [2014-2, 2014-3, 2014-4, and 2014-5].

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Okaloosa County, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items [2014-6 and 2014-7].

## **Okaloosa County, Florida's Response to Findings**

The Board of County Commissioners' and Clerk of the Circuit Court's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Okaloosa County, Florida's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Okaloosa County, Florida's internal and compliance. Accordingly, this communication is not suitable for any other purpose.

We noted certain matters that we reported to management of Okaloosa County, Florida, in a separate letter dated April 30, 2015.

*Warren Averett, LLC*

Fort Walton Beach, Florida  
April 30, 2015

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To the Honorable Chairman and Members of the  
Board of County Commissioners and Other Elected Officials  
Okaloosa County, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL AND COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM**

**Report on Compliance for Each Major Program and/or Project**

We have audited Okaloosa County, Florida's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement; the requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement and the compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, that are could have a direct and material effect on each of Okaloosa County, Florida's major federal programs, state projects and passenger facility charge program for the year ended September 30, 2014. Okaloosa County, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs, state projects and passenger facility charge program.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Okaloosa County, Florida's major federal programs, state projects, and passenger facility charge program based on the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; Chapter 10.550, Rules of the Auditor General, and the Federal Aviation Administration. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Okaloosa County, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program, state project, and passenger facility charge program. However, our audit does not provide a legal determination on Okaloosa County, Florida's compliance.

**Opinion on Each Major Federal Program, State Project, and Passenger Facility Charge Program**

In our opinion, Okaloosa County, Florida complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs, state projects and passenger facility charge program for the fiscal year ended September 30, 2014.

### **Report on Internal Control Over Compliance**

Management of Okaloosa County, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Okaloosa County, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program, state project or the passenger facility charge program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, state project, or passenger facility charge program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550 Rules of the Auditor General, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Okaloosa County, Florida's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program, state project or the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program, state project or the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement for a federal program, state project or the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, Chapter 10.550 Rules of the Auditor General, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Accordingly, this report is not suitable for any other purpose.

*Warren Averett, LLC*  
Fort Walton Beach, Florida  
April 30, 2015



45 Eglin Parkway, N.E., Suite 301  
Fort Walton Beach, FL 32548  
850.244.5121  
warrenaverett.com

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF  
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,  
RULES OF THE AUDITOR GENERAL**

Honorable Chairman and the Members of the  
Board of County Commissioners and Other Elected Officials  
Okaloosa County, Florida

We have examined Okaloosa County, Florida's (hereinafter referred to as the "County") compliance with the following requirements for the year ended September 30, 2014:

- (1) Florida Statute 218.415 in regards to investments
- (2) Florida Statutes 28.36 in regards to certain court-related functions
- (3) Florida Statute 288.8018 in regards to the Deepwater Horizon Oil spill receipts and expenditures.

Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Board's compliance with specified requirements.

In our opinion, Okaloosa County, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

*Warren Averett, LLC*  
Fort Walton Beach, Florida  
April 30, 2015



45 Eglin Parkway, N.E., Suite 301  
Fort Walton Beach, FL 32548  
850.244.5121  
warrenaverett.com

**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL**

Honorable Chairman and the Members of the  
Board of County Commissioners and Other Elected Officials  
Okaloosa County, Florida

We have audited the financial statements of Okaloosa County, Florida as of and for the year ended September 30, 2014, and have issued our report thereon dated April 30, 2015 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Schedule of Receipts and Expenditures of Funds related to the Deepwater Horizon Oil Spill on page 173 is presented for the purpose of additional analysis as required by Florida Statute 288.8018 and the Rules of the Auditor General Chapter 10.557(3)(f), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Warren Averett, LLC*

Fort Walton Beach, Florida  
April 30, 2015



## REQUEST FOR PROPOSALS (RFP) & RESPONDENT'S ACKNOWLEDGEMENT

RFP TITLE:  
PROFESSIONAL AUDITING SERVICES

RFP NUMBER:  
BCC 47-16

LAST DAY FOR QUESTIONS:  
RFP DUE DATE & TIME

April 11, 2016 3:00 p.m. CTZ  
April 25, 2016 4:00 p.m. CTZ

**NOTE: PROPOSALS RECEIVED AFTER THE PROPOSAL OPENING DATE & TIME WILL NOT BE CONSIDERED.**

Okaloosa County, Florida solicits your company to submit a proposal on the above referenced goods or services. All terms, specifications and conditions set forth in this RFP are incorporated into your response. A proposal will not be accepted unless all conditions have been met. All proposals must have an authorized signature in the space provided below. All envelopes containing sealed proposals must reference the "RFP Title", "RFP Number" and the "RFP Due Date & Time". Okaloosa County is not responsible for lost or late delivery of proposals by the U.S. Postal Service or other delivery services used by the respondent. Neither faxed nor electronically submitted proposals will be accepted. Proposals may not be withdrawn for a period of sixty (60) days after the proposal opening unless otherwise specified.

**RESPONDENT ACKNOWLEDGEMENT FORM BELOW MUST BE COMPLETED, SIGNED, AND RETURNED AS PART OF YOUR PROPOSAL. PROPOSALS WILL NOT BE ACCEPTED WITHOUT THIS FORM, SIGNED BY AN AUTHORIZED AGENT OF THE RESPONDENT.**

COMPANY NAME Warren Averett, LLC

MAILING ADDRESS 45 Eglin Parkway, N.E., Suite 301

CITY, STATE, ZIP Fort Walton Beach, FL, 32548

FEDERAL EMPLOYER'S IDENTIFICATION NUMBER (FEIN) 45-4084437

TELEPHONE NUMBER: 850.275.1224 EXT: \_\_\_\_\_ FAX: 850.664.2562

EMAIL: Angela.Balent@warrenaverett.com

I CERTIFY THAT THIS PROPOSAL IS MADE WITHOUT PRIOR UNDERSTANDING, AGREEMENT, OR CONNECTION WITH ANY OTHER RESPONDENT SUBMITTING A PROPOSAL FOR THE SAME MATERIALS, SUPPLIES, EQUIPMENT OR SERVICES, AND IS IN ALL RESPECTS FAIR AND WITHOUT COLLUSION OR FRAUD. I AGREE TO ABIDE BY ALL TERMS AND CONDITIONS OF THIS PROPOSAL AND CERTIFY THAT I AM AUTHORIZED TO SIGN THIS PROPOSAL FOR THE RESPONDENT.

AUTHORIZED SIGNATURE: Angela D. Balent, CPA TYPED OR PRINTED NAME Angela D. Balent, CPA

TITLE: Member DATE: 4/25/2016

**DRUG-FREE WORKPLACE CERTIFICATION**

THE BELOW SIGNED RESPONDENT CERTIFIES that it has implemented a drug-free workplace program. In order to have a drug-free workplace program, a business shall:

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
3. Give each employee engaged in providing the commodities or contractual services that are under quote a copy of the statement specified in subsection 1.
4. In the statement specified in subsection 1, notify the employees that, as a condition of working on the commodities or contractual services that are under quote, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of Chapter 893, Florida Statutes, or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five (5) days after such conviction.
5. Impose a sanction on, or require the satisfactory participation in, drug abuse assistance or rehabilitation program if such is available in employee's community, by any employee who is convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign this statement, I certify that this firm complies fully with the above requirements.

DATE: <u>4/25/2016</u>	SIGNATURE: <u><i>Angela D. Balent, CPA</i></u>
COMPANY: <u>Warren Averett, LLC</u>	NAME: <u>Angela D. Balent, CPA</u> (Typed or Printed)
ADDRESS: <u>45 Eglin Parkway, N.E., suite 301</u> <u>Fort Walton Beach, FL</u> <u>32548</u>	TITLE: <u>Member</u>
PHONE NO. <u>850.275.1224</u>	E-MAIL: <u>Angela.Balent@warrenaverett.com</u>

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## FEDERAL E-VERIFY COMPLIANCE CERTIFICATION

In accordance with Okaloosa County Policy and Executive Order Number 11-116 from the office of the Governor of the State of Florida, Respondent hereby certifies that the U.S. Department of Homeland Security's E-Verify system will be used to verify the employment eligibility of all new employees hired by the respondent during the contract term, and shall expressly require any subcontractors performing work or providing services pursuant to the contract to likewise utilize the U.S. Department of Homeland Securities E-Verify system to verify the employment eligibility of all new employees hired by the subcontractor during the contract term; and shall provide documentation such verification to the COUNTY upon request.

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As the person authorized to sign this statement, I certify that this company complies/will comply fully with the above requirements.

DATE: 4/25/2016

SIGNATURE: Angela D. Balent, CPA

COMPANY: Warren Averett, LLC

NAME: Angela D. Balent, CPA

ADDRESS: 45 Eglin Parkway, N.E.

TITLE: Member

Suite 301

Fort Walton Beach, FL, 32548

E-MAIL: Angela.Balent@warrenaverett.com

PHONE NO.: 850.275.1224



## NO CONTACT CLAUSE

The Board of County Commissioners have established a solicitation silence policy (**No Contact Clause**) that prohibits oral and written communication regarding all formal solicitations for goods and services (formal bids, Request for Proposals, Requests for Qualifications) issued by the Board through the County Purchasing Department.

The period commences when the procurement document is received by the Respondent and terminates when the Board of County Commissioners approves an award.

When the solicitation silence period is in effect, no oral or written communication is allowed regarding the solicitation between prospective respondents and members of the Board of County Commissioners the County Administrator, county employees or members of the Board Approved Review Committee. All questions or requests for information regarding the solicitation **MUST** be directed to the designated Purchasing Representative listed in the solicitation.

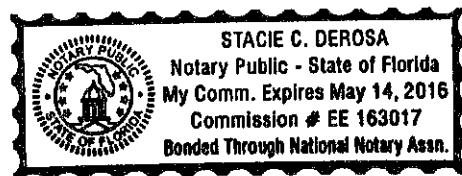
Any information thought to affect the committee or staff recommendation submitted after bids are due, should be directed to the Purchasing Manager or an appointed representative. It shall be the Purchasing Manager's decision whether to consider this information in the decision process.

**Any violation of this policy shall be grounds to disqualify the respondent from consideration during the selection process.**

All respondents must agree to comply with this policy by signing the following statement and including it with their submittal.

I Angela D. Balent representing Warren Averett, LLC  
Signature Company Name

On this 14 day of April 2016 hereby agree to abide by the County's "No Contact Clause" and understand violation of this policy shall result in disqualification of my proposal/submittal.



## INDEMNIFICATION AND HOLD HARMLESS

To the fullest extent permitted by law, Respondent shall indemnify and hold harmless the County, its officers and employees from liabilities, damages, losses, and costs including but not limited to reasonable attorney fees, to the extent caused by the negligence, recklessness, or intentional wrongful conduct of the Respondent and other persons employed or utilized by the Respondent in the performance of this Agreement.

**Warren Averett, LLC**

Respondent's Company Name

45 Eglin Parkway, N.E., Suite 301, Fort Walton Beach, FL, 32548

Physical Address

P.O. Box 1600, Fort Walton Beach, FL, 32549

Mailing Address

**850.275.1224**

Phone Number

**850.865.8434**

Cellular Number

**4/25/2016**

Date

*Angela D. Balent*

Authorized Signature – Manual

**Angela D. Balent**

Digitally signed by Angela D. Balent  
DN: cn=Angela D. Balent, o=Warren Averett,  
ou=Audit,  
email=angela.balent@warrenaverett.com, c=US  
Date: 2016.04.14 09:39:18 -0500

Authorized Signature – Typed

**Member**

Title

**850.664.2562**

FAX Number

**850.865.8434**

After-Hours Number(s)

**COMPANY DATA**

Respondent's Company Name: Warren Averett, LLC

Physical Address & Phone #: 45 Eglin Parkway, N.E.  
Suite 301  
Fort Walton Beach, FL, 32548  
850.244.5121

Contact Person (Typed-Printed): Angela D. Balent

Phone #: 850.275.1224

Cell #: 850.865.8434

Email: Angela.Balent@warrenaverett.com

Federal ID or SS #: 45-4084397

Respondent's License #: AC0029502

Fax #: 850.664.2562

Emergency #'s After Hours,  
Weekends & Holidays: 850.865.8434

**\*THE EMAIL ADDRESS INFORMATION PROVIDED WILL BE  
USED FOR AWARD/NON-AWARD NOTIFICATION\***



**LOBBYING - 31 U.S.C. 1352, 49 CFR Part 19, 49 CFR Part 20**

**APPENDIX A, 49 CFR PART 20--CERTIFICATION REGARDING LOBBYING**

Certification for Contracts, Grants, Loans, and Cooperative Agreements

*(To be submitted with each bid or offer exceeding \$100,000)*

The undersigned [Contractor] certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for making lobbying contacts to an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form--LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions [as amended by "Government wide Guidance for New Restrictions on Lobbying," 61 Fed. Reg. 1413 (1/19/96). Note: Language in paragraph (2) herein has been modified in accordance with Section 10 of the Lobbying Disclosure Act of 1995 (P.L. 104-65, to be codified at 2 U.S.C. 1601, *et seq.*)]
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31, U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

[Note: Pursuant to 31 U.S.C. § 1352(c)(1)-(2)(A), any person who makes a prohibited expenditure or fails to file or amend a required certification or disclosure form shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure or failure.]

The Contractor, Warren Averett, LLC, certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Contractor understands and agrees that the provisions of 31 U.S.C. A 3801, *et seq.*, apply to this certification and disclosure, if any.

Angela Balent, CPA Signature of Contractor's Authorized Official

Angela Balent, CPA, Member Name and Title of Contractor's Authorized Official

4/25/2016 Date

**OKALOOSA COUNTY, FLORIDA  
BOARD OF COUNTY COMMISSIONERS**

**REQUEST FOR PROPOSAL**

**PROFESSIONAL AUDITING SERVICES**

*Sealed Request For Proposal Submittal Deadline:  
4:00 P.M., Monday, April 25, 2016*

*Any response received after the above submittal deadlines will not be considered.*

**PROPOSAL #: BCC 47-16**

**OKALOOSA COUNTY  
PURCHASING DEPARTMENT  
ZAN FEDORAK, PURCHASING MANAGER  
5479A OLD BETHEL ROAD  
CRESTVIEW, FL 32536**

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