

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

Agenda Item #:

5D-1

AGENDA ITEM SUMMARY

Meeting Date: March 12, 2013 **Consent** **Regular**
Department: **Workshop** **Public Hearing**
Submitted By: Office of Financial Management and Budget (OFMB)

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: A contract for external auditing services with McGladrey, LLP. This is a three year contract with all services to be completed by June 30, 2016. The contract includes two renewal options of two years each, at the County's sole discretion.

Summary: On February 6, 2013 the External Auditor Selection Committee (Committee), after hearing oral presentations, selected McGladrey, LLP as the first-ranked proposer to provide external audit services to Palm Beach County. The Committee was comprised of representatives of the Constitutional Officers, County Administration, OFMB, Office of Small Business Assistance, and the Internal Auditor. The initial contract period is for three years at \$739,100 per year, for a total cost of \$2,217,300, with 25% SBE participation. This price represents a 5% reduction from the current year cost of \$778,000. The audit work will be conducted out of McGladrey's West Palm Beach office. Countywide (PFK)

Background and Policy Issues: The current audit contract with McGladrey, LLP will expire with the completion of the FY 2012 audit, which is underway. A nine-member Committee composed of representatives of the Constitutional Officers and the BCC was established to evaluate proposals for a new audit contract and make a recommendation to the BCC. Five proposals were received and reviewed by the Committee. On February 6, 2013 the Committee heard oral presentations from the two top-ranked proposers, Crowe Horwath, LLP and McGladrey, LLP. By a vote of six to three, McGladrey, LLP was their first choice. McGladrey, LLP was chosen, in large part, for their local presence, the quality of their current service, the continuity of personnel and their price reduction from the current level. The engagement partner will be new to this contract in conformance with BCC direction to eliminate the mandatory rotation policy but to require a new partner-in-charge should the current audit team be retained.

The contract provides for an annual fee of \$739,100 for each of the three years for a total of \$2,217,300. McGladrey has committed to 25% SBE participation, for a total of \$554,325 over the contract period. The contract includes two renewal options of two years each, at the County's sole discretion.

Attachments: Contract (three originals)

Recommended by: Edigaluth Bless 3/4/13
Department Director Date

Approved By: for Robert Weissman 3-4-13
County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2013	2014	2015	2016	2017
Capital Expenditures	N/A	<u>739,100</u>	<u>739,100</u>	<u>739,100</u>	N/A
Operating Costs	N/A	<u>739,100</u>	<u>739,100</u>	<u>739,100</u>	N/A
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	_____	<u>739,100</u>	<u>739,100</u>	<u>739,100</u>	_____
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included In Current Budget? N/A

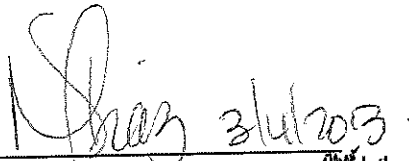
Budget Account No: Fund _____ Agency _____ Org. _____ Object _____ Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

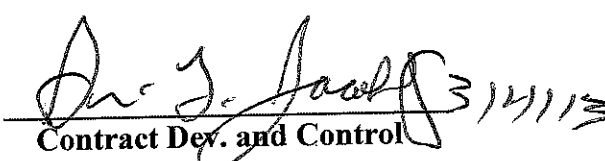
Funds will be provided during the annual budget process. There are sufficient funds in the current budget for the FY 2012 audit which is underway pursuant to the existing contract.

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:



 OFMB
 Rob 3/4/13



 Contract Dev. and Control

B. Legal Sufficiency:



 Assistant County Attorney

C. Other Department Review:

 Department Director

This summary is not to be used as a basis for payment.

**CONTRACT FOR
Audit Services
(Contract No. 13-020/DP)**

This Contract No. 13-020/DP is made as of this _____ day of _____, 2013, by and between Palm Beach County, a political subdivision of the State of Florida, by and through its Board of Commissioners, hereinafter referred to as the COUNTY, and McGladrey LLP, located at 1555 Palm Beach Lakes Blvd., Suite 700, West Palm Beach, FL 33401, a Limited Liability Partnership authorized to do business in the State of Florida, hereinafter referred to as the AUDITOR.

In consideration of the mutual promises contained herein, the COUNTY and the AUDITOR agree as follows:

ARTICLE 1 - SERVICES

The AUDITOR's responsibility under this Contract is to provide professional consultation services in the area of external auditing to the Office of Financial Management & Budget in accordance with Exhibit A, Scope of Work/Services, and Exhibit B, AUDITOR's proposal dated January 14, 2013, and Exhibit C, Arrangement Letter, all of which are attached hereto and incorporated herein.

The AUDITOR will examine the books and records of the COUNTY, including those of the Constitutional Officers and various enterprise agencies of the County and provide audit opinions, management letters and other reports, all as detailed in Exhibit A, Scope of Work/Services, attached hereto and incorporated herein.

The COUNTY's representative/liaison during the performance of this Contract shall be Liz Bloeser, Director, Office of Financial Management & Budget, telephone number (561) 355-4626 or designee.

The AUDITOR's representative/liaison during the performance of this Contract shall be Robert R. Feldmann, Engagement Partner, telephone number (561) 697-1785.

ARTICLE 2 - ORDER OF PRECEDENCE

Conflicting provisions hereof, if any, shall prevail in the following descending order of precedence: (1) the provisions of the Contract, including Exhibit A; (2) the provisions of RFP No. 13-020/DP and all Amendments thereto, which are incorporated into and made a part of this Contract; (3) Exhibit B, AUDITOR's proposal dated January 14, 2013, and Exhibit C, Arrangement Letter; and (4) all other documents, if any, cited herein or incorporated herein by reference.

ARTICLE 3 - SCHEDULE

The AUDITOR shall commence services on July 1, 2013, and complete all services by June 30, 2016, with two (2) two (2) year options for renewal at the sole discretion of the COUNTY.

Reports and other items shall be delivered and/or completed in accordance with Exhibit A.

ARTICLE 4 - PAYMENTS TO AUDITOR

- A. The total amount to be paid by the COUNTY under this Contract for all services and materials shall not exceed a total contract amount of Two Million, Two Hundred Seventeen Thousand, Three Hundred Dollars and no cents (\$2,217,300.00).

The COUNTY agrees to compensate the AUDITOR in accordance with the fee schedule set forth in the Exhibit B, Appendix A, Prices Proposal Pages. The total and cumulative amount of this contract shall not exceed the amount of funds annually budgeted for these services.

- B. Invoices received from the AUDITOR pursuant to this Contract will be reviewed and approved by the COUNTY's representative, indicating that services have been rendered in conformity with the Contract. Approved invoices will be sent to the Finance Department for payment. Invoices will normally be paid within thirty (30) days following the COUNTY representative's approval.
- C. Final Invoice: In order for both parties herein to close their books and records, the AUDITOR will clearly state "final invoice" on the AUDITOR's final/last billing to the COUNTY. This shall constitute AUDITOR's certification that all services have been properly performed and all charges and costs have been invoiced to the COUNTY. Any further charges, if not properly included on this final invoice, are waived by the AUDITOR.

ARTICLE 5 - PALM BEACH COUNTY OFFICE OF THE INSPECTOR GENERAL AUDIT REQUIREMENTS

Pursuant to Palm Beach County Code, Section 2-421 - 2-440, as amended, Palm Beach County's Office of Inspector General is authorized to review past, present and proposed COUNTY contracts, transactions, accounts, and records. The Inspector General's authority includes, but is not limited to, the power to audit, investigate, monitor, and inspect the activities of entities contracting with the COUNTY, or anyone acting on their behalf, in order to ensure compliance with contract requirements and to detect corruption and fraud. Failure to cooperate with the Inspector General or interfering with or impeding any investigation shall be a violation of Palm Beach County Code, Section 2-421 - 2-440, and punished pursuant to Section 125.69, Florida Statutes, in the same manner as a second degree misdemeanor.

ARTICLE 6 - TRUTH-IN-NEGOTIATION CERTIFICATE

Signature of this Contract by the AUDITOR shall also constitute the execution of a truth-in-negotiation certificate certifying that the wage rates, over-head charges, and other

costs used to determine the compensation provided for in this Contract are accurate, complete, and current as of the date of the Contract and no higher than those charged the AUDITOR's most favored customer for the same or substantially similar service.

The said rates and costs shall be adjusted to exclude any significant sums should the COUNTY determine that the rates and costs were increased due to inaccurate, incomplete, or noncurrent wage rates or due to inaccurate representation(s) of fees paid to outside contractors. The COUNTY shall exercise its rights under this Article 6 within three (3) years following final payment.

ARTICLE 7 - TERMINATION

This Contract may be terminated by the AUDITOR upon sixty (60) days' prior written notice to the COUNTY representative in the event of substantial failure by the COUNTY to perform in accordance with the terms of this Contract through no fault of the AUDITOR. It may also be terminated, in whole or in part, by the COUNTY, with cause upon five (5) business days' written notice to the AUDITOR or without cause upon ten (10) business days written notice to the AUDITOR. Unless the AUDITOR is in breach of this Contract, the AUDITOR shall be paid for services rendered to the COUNTY's satisfaction through the date of termination. After receipt of a Termination Notice, except as otherwise directed by the COUNTY, in writing, the AUDITOR shall:

1. Stop work on the date and to the extent specified.
2. Terminate and settle all orders and subcontracts relating to the performance of the terminated work.
3. Transfer all work in process, completed work, and other materials related to the terminated work to the COUNTY.
4. Continue and complete all parts of the work which have not been terminated.

ARTICLE 8 - PERSONNEL

The AUDITOR represents that it has, or will secure at its own expense, all necessary personnel required to perform the services under this Contract. Such personnel shall not be employees of or have any contractual relationship with the COUNTY.

All of the services required hereinunder shall be performed by the AUDITOR, or under its supervision, and all personnel engaged in performing the services shall be fully qualified and, if required, authorized or permitted under state and local law to perform such services.

Any changes or substitutions in the AUDITOR's key personnel, as may be listed in Exhibit B, attached hereto and incorporated herein, must be made known to the

COUNTY's representative and written approval must be granted by the COUNTY's representative before said change or substitution can become effective. The AUDITOR warrants that all services shall be performed by skilled and competent personnel to the highest professional standards in the field.

All of the AUDITOR's personnel (and all subcontractors) will comply with all COUNTY requirements governing conduct, safety, and security while on COUNTY premises.

ARTICLE 9 - CRIMINAL HISTORY RECORDS CHECK

The AUDITOR shall comply with the provisions of Chapter 2, Article IX of the Palm Beach County Code ("Criminal History Records Check" section), if AUDITOR's employees or subcontractors are required under this Contract to enter a "critical facility" as identified in Resolution R-2003-1274, as amended. The AUDITOR acknowledges and agrees that all employees and subcontractors who are to enter a "critical facility" will be subject to a fingerprint based criminal history records check. Although COUNTY agrees to pay for all applicable FDLE/FBI fees required for criminal history record checks, the AUDITOR shall be solely responsible for the financial, schedule, and staffing implications associated in complying with this section of the Palm Beach County Code.

ARTICLE 10 - SMALL BUSINESS ENTERPRISES SUBCONTRACTING

The COUNTY reserves the right to accept the use of a subcontractor, or to reject the selection of a particular subcontractor, and to inspect all facilities of any subcontractors in order to make a determination as to the capability of the subcontractor to perform properly under this Contract. The AUDITOR is encouraged to seek additional small business enterprises for participation in subcontracting opportunities. If the AUDITOR uses any subcontractors on this project, the following provisions of this Article shall apply:

If a subcontractor fails to perform or make progress, as required by this Contract, and it is necessary to replace the subcontractor to complete the work in a timely fashion, the AUDITOR shall promptly do so, subject to acceptance of the new subcontractor by the COUNTY.

1. The Palm Beach County Board of County Commissioners has established a minimum goal for SBE participation of 15% on all County solicitations.
2. The AUDITOR agrees to abide by all provisions of the Palm Beach County Code establishing the SBE Program, as amended, and understands that failure to comply with any of the requirements will be considered a breach of contract.
3. The AUDITOR incorporates Schedule 1 List of proposed SBE-M/WBE Prime/Subcontractors) and Schedule 2 (Letter of Intent) attached hereto and made a part hereof, the names, addresses, scope of work, percentage and/or dollar value of the SBE-M/WBE participation on Schedule 1 and the Letter of Intent, Schedule 2, signed by each of the listed SBE-M/WBE sub-consultants on

Schedule 1 agreeing to perform the contract at the listed percentage and/or dollar value.

The AUDITOR understands that each SBE firm utilized on this contract must be certified by Palm Beach County in order to be counted toward the SBE participation goal.

4. The AUDITOR understands that it is the responsibility of the department letting the contract and the Office of Small Business Assistance (OSBA) to monitor compliance with the SBE Ordinance requirements. In that regard, the AUDITOR agrees to furnish progress payment reports to both parties on the progress of the SBE-M/WBE participation on each pay application submitted.
5. The AUDITOR further agrees to provide OSBA with a copy of their contract with the SBE sub-consultant or any other related documentation upon request.
6. After contract award, the successful AUDITOR will only be permitted to replace a certified SBE subcontractor who is unwilling or unable to perform. Such substitution must be done with other certified SBEs in order to maintain the proposed SBE percentages submitted with the proposal. Requests for substitutions must be submitted to the department issuing the Request for Proposal and the OSBA.
7. The AUDITOR understands that s/he is prohibited from making any agreements with the SBE in which the SBE promises not to provide sub consultant quotations to other proposers or potential proposers.
8. The AUDITOR agrees to maintain all relevant records and information necessary to document compliance with the Palm Beach County Code and will allow the COUNTY to inspect such records.

ARTICLE 11 - FEDERAL AND STATE TAX

The COUNTY is exempt from payment of Florida State Sales and Use Taxes. The COUNTY will provide an exemption certificate submitted by the AUDITOR. The AUDITOR shall not be exempted from paying sales tax to its suppliers for materials used to fulfill contractual obligations with the COUNTY, nor is the AUDITOR authorized to use the COUNTY's Tax Exemption Number in securing such materials.

The AUDITOR shall be responsible for payment of its own and its share of its employees' payroll, payroll taxes, and benefits with respect to this Contract.

ARTICLE 12 - AVAILABILITY OF FUNDS

The COUNTY's performance and obligation to pay under this Contract is contingent upon an annual appropriation for its purpose by the Board of County Commissioners.

ARTICLE 13 - INSURANCE REQUIREMENTS

It shall be the responsibility of the AUDITOR to provide initial evidence of the following minimum amounts of insurance coverage to Palm Beach County, c/o Purchasing Department, 50 South Military Trail, Suite 110, West Palm Beach, FL 33415, Attention: Donna Pagel, Purchasing Manager. Subsequently, the AUDITOR shall, during the term of the Contract, and prior to each renewal thereof, provide such evidence to CertFocus at www.certfocus.com or fax (561) 666-6041, which is Palm Beach County's insurance management system, prior to the expiration date of each and every insurance required herein.

The AUDITOR shall, on a primary basis and at its sole expense, maintain in full force and effect, at all times during the life of this Contract, insurance coverages and limits (including endorsements) as described herein. Failure to maintain the required insurance will be considered default of the Contract. The requirements contained herein, as well as COUNTY's review or acceptance of insurance maintained by AUDITOR, are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by AUDITOR under the Contract. AUDITOR agrees to notify the COUNTY with at least ten (10) days prior notice of any cancellation, non-renewal or material change to the insurance coverages. Further, AUDITOR shall agree that all insurance coverage required herein shall be provided by AUDITOR to COUNTY on a primary basis.

- A. **Commercial General Liability:** AUDITOR shall maintain Commercial General Liability at a limit of liability not less than **\$500,000** Each Occurrence. Coverage shall not contain any endorsement(s) excluding Contractual Liability or Cross Liability.
- B. **Business Auto Liability:** AUDITOR shall maintain Business Auto Liability at a limit of liability not less than **\$500,000** Each Occurrence for all owned, non-owned, and hired automobiles. In the event AUDITOR owns no automobiles, the Business Auto Liability requirement shall be amended allowing AUDITOR to maintain only Hired & Non-Owned Auto Liability. If vehicles are acquired throughout the term of the contract, AUDITOR agrees to purchase "Owned Auto" coverage as of the date of acquisition. This amended requirement may be satisfied by way of endorsement to the Commercial General Liability, or separate Business Auto coverage form.
- C. **Workers' Compensation Insurance & Employer's Liability:** AUDITOR shall maintain Workers' Compensation & Employer's Liability in accordance with Florida Statute Chapter 440.
- D. **Professional Liability:** AUDITOR shall maintain Professional Liability, or equivalent Errors & Omissions Liability, at a limit of liability not less than **\$1,000,000** Per Occurrence. When a self-insured retention (SIR) or deductible exceeds **\$10,000**, COUNTY reserves the right, but not the obligation, to review and request a copy of AUDITOR's most recent annual report or audited financial

statement or similar information indicating the financial strength and capability of auditors to perform requested services. For policies written on a "Claims-Made" basis, AUDITOR warrants the Retroactive Date equals or preceded the effective date of this Contract. In the event the policy is canceled, non-renewed, switched to an Occurrence Form, retroactive date advanced, or any other event triggering the right to purchase a Supplement Extended Reporting Period (SERP) during the life of this Contract, AUDITOR shall purchase a SERP with a minimum reporting period not less than three (3) years. The requirement to purchase a SERP shall not relieve the AUDITOR of the obligation to provide replacement coverage. The Certificate of Insurance providing evidence of the purchase of this coverage shall clearly indicate whether coverage is provided on an "occurrence" or "claims - made" form. If coverage is provided on a "claims - made" form the Certificate of Insurance must also clearly indicate the "retroactive date" of coverage.

- E. **Additional Insured Clause:** Except as to Business Auto, Workers' Compensation and Employer's Liability (and Professional Liability, when applicable) the Certificate(s) of Insurance shall clearly confirm that coverage required by the Contract has been endorsed to include Palm Beach County as an Additional Insured.
- F. **Waiver of Subrogation:** AUDITOR hereby waives any and all rights of Subrogation against the COUNTY, its officers, employees and agents for each required policy. When required by the insurer, or should a policy condition not permit an insured to enter into a pre-loss agreement to waive subrogation without an endorsement, then AUDITOR shall notify the insurer and request the policy be endorsed with a Waiver of Transfer of Rights of Recovery Against Others, or its equivalent. This Waiver of Subrogation requirement shall not apply to any policy which includes a condition to the policy specifically prohibiting such an endorsement or voids coverage should AUDITOR enter into such an agreement on a pre-loss basis.
- G. **Certificates of Insurance:** Within forty-eight (48) hours of the COUNTY's request to do so, the AUDITOR shall deliver to the COUNTY via the Insurance Company/Agent a signed Certificate(s) of Insurance evidencing that all types and amounts of insurance coverages required by this Contract have been obtained and are in full force and effect. During the term of the Contract and prior to each subsequent renewal thereof, the AUDITOR shall provide this evidence to CertFocus at www.certfocus.com or fax (561) 666-6041, which is Palm Beach County's insurance management system, prior to the expiration date of each and every insurance required herein. Said Certificate(s) of Insurance shall, to the extent allowable by the insurer, include a minimum thirty (30) day endeavor to notify due to cancellation (10 days for nonpayment of premium) or non-renewal of coverage.

- H. **Umbrella or Excess Liability:** If necessary, AUDITOR may satisfy the minimum limits required above for either Commercial General Liability, Business Auto Liability, and Employer's Liability coverage under Umbrella or Excess Liability. The Umbrella or Excess Liability shall have an Aggregate limit not less than the highest "Each Occurrence" limit for either Commercial General Liability, Business Auto Liability, or Employer's Liability. The COUNTY shall be specifically endorsed as an "Additional Insured" on the Umbrella or Excess Liability, unless the Certificate of Insurance notes the Umbrella or Excess Liability provides coverage on a "Follow-Form" basis.
- I. **Right to Revise or Reject:** COUNTY, by and through its Risk Management Department in cooperation with the contracting/monitoring department, reserves the right to review, modify, reject, or accept any required policies of insurance, including limits, coverages, or endorsements, herein from time to time throughout the term of this Contract. COUNTY reserves the right, but not the obligation, to review and reject any insurer providing coverage because of its poor financial condition or failure to operate legally.

ARTICLE 14 - INDEMNIFICATION

AUDITOR shall protect, defend, reimburse, indemnify and hold COUNTY, its agents, employees and elected officials harmless from and against any and all claims, liability, loss, expense, cost, damages, or causes of action of every kind or character, including attorney's fees and costs, whether at trial or appellate levels or otherwise, arising during and as a result of their negligent performance of the terms of this Contract or due to the negligent acts or omissions of AUDITOR.

ARTICLE 15 - SUCCESSORS AND ASSIGNS

The COUNTY and the AUDITOR each binds itself and its partners, successors, executors, administrators and assigns to the other party of this Contract and to the partners, successors, executors, administrators and assigns of such other party, in respect to all covenants of this Contract. Except as above, neither the COUNTY nor the AUDITOR shall assign, sublet, convey, or transfer its interest in this Contract, without the prior written consent of the other. Nothing herein shall be construed as creating any personal liability on the part of any officer or agent of the COUNTY, nor shall it be construed as giving any rights or benefits hereunder to anyone other than the COUNTY and the AUDITOR.

ARTICLE 16 - REMEDIES

This Contract shall be governed by the laws of the State of Florida. Any and all legal action necessary to enforce the Contract will be held in Palm Beach County. No remedy herein conferred upon any party is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law, or in equity, by

statute or otherwise. No single or partial exercise by any party of any right, power, or remedy hereunder shall preclude any other or further exercise thereof.

No provision of this Contract is intended to, or shall be construed to, create any third party beneficiary or to provide any rights to any person or entity not a party to this Contract, including but not limited to any citizen or employees of the COUNTY and/or AUDITOR.

ARTICLE 17 - CONFLICT OF INTEREST

The AUDITOR represents that it presently has no interest and shall acquire no interest, either direct or indirect, which would conflict in any manner with the performance or services required hereunder, as provided for in Chapter 112, Part III, Florida Statutes and the Palm Beach County Code of Ethics. The AUDITOR further represents that no person having any conflict of interest shall be employed for said performance or services.

The AUDITOR shall promptly notify the COUNTY's representative, in writing, by certified mail, of all potential conflicts of interest for any prospective business association, interest or other circumstance which may influence, or appear to influence, the AUDITOR's judgment or quality of services being provided hereunder. Such written notification shall identify the prospective business association, interest or circumstance, the nature of work that the AUDITOR may undertake and request an opinion of the COUNTY as to whether the association, interest or circumstance would, in the opinion of the COUNTY, constitute a conflict of interest if entered into by the AUDITOR. The COUNTY agrees to notify the AUDITOR of its opinion by certified mail within thirty (30) days of receipt of notification by the AUDITOR. If, in the opinion of the COUNTY, the prospective business association, interest or circumstance would not constitute a conflict of interest by the AUDITOR, the COUNTY shall so state in the notification and the AUDITOR shall, at its option, enter into said association, interest or circumstance and it shall be deemed not in conflict of interest with respect to services provided to the COUNTY by the AUDITOR under the terms of this Contract.

ARTICLE 18 - EXCUSABLE DELAYS

The AUDITOR shall not be considered in default by reason of any failure in performance if such failure arises out of causes reasonably beyond the control of the AUDITOR, or its subcontractor(s), and without their fault or negligence. Such causes include, but are not limited to: acts of God; force majeure; natural or public health emergencies; labor disputes; freight embargoes; and abnormally severe and unusual weather conditions.

Upon the AUDITOR's request, the COUNTY shall consider the facts and extent of any failure to perform the work; and, if the AUDITOR's failure to perform was without it or its subcontractors' fault or negligence, the Contract Schedule and/or any other affected provision of this Contract shall be revised accordingly, subject to the COUNTY's rights to change, terminate, or stop any or all of the work at any time.

ARTICLE 19 - ARREARS

The AUDITOR shall not pledge the COUNTY's credit or make it a guarantor of payment or surety for any contract, debt, obligation, judgment, lien, or any form of indebtedness. The AUDITOR further warrants and represents that it has no obligation or indebtedness that would impair its ability to fulfill the terms of this Contract.

ARTICLE 20 - DISCLOSURE AND OWNERSHIP OF DOCUMENTS

The AUDITOR shall deliver to the COUNTY's representative for approval and acceptance, and before being eligible for final payment of any amounts due, all documents and materials prepared by and for the COUNTY under this Contract.

To the extent allowed by Chapter 119, Florida Statutes, all written and oral information not in the public domain or not previously known, and all information and data obtained, developed, or supplied by the COUNTY, or at its expense, will be kept confidential by the AUDITOR and will not be disclosed to any other party, directly or indirectly, without the COUNTY's prior written consent, unless required by a lawful court order. All drawings, maps, sketches, programs, data bases, reports and other data developed or purchased under this Contract for the COUNTY, or at the COUNTY's expense, shall be and remain the COUNTY's property and may be reproduced and reused at the discretion of the COUNTY.

The County acknowledges that AUDITOR subscribes to a program of peer review for maintenance of quality control as required by its profession. As part of this program, engagement files may be selected for review by other professionals under strict rules of confidentiality. The County's acceptance below constitutes its agreement for disclosure under peer review programs. Additionally, the County recognizes that AUDITOR will maintain a copy of any County information necessary to support its work product generated as a result of its engagement for professional services, solely for reference and archive purposes in accordance with all applicable professional standards, which will remain subject to the obligations of confidentiality herein. All covenants, agreements, representations and warranties made herein, or otherwise made in writing by any party pursuant hereto, including but not limited to any representations made herein relating to disclosure or ownership of documents, shall survive the execution and delivery of this Contract and the consummation of the transactions contemplated hereby.

ARTICLE 21 - INDEPENDENT CONTRACTOR RELATIONSHIP

The AUDITOR is, and shall be, in the performance of all work, services, and activities under this Contract, an Independent Contractor and not an employee, agent, or servant of the COUNTY. All persons engaged in any of the work or services performed pursuant to this Contract shall at all times, and in all places, be subject to the AUDITOR's sole direction, supervision, and control. The AUDITOR shall exercise control over the means and manner in which it and its employees perform the work, and

in all respects the AUDITOR's relationship, and the relationship of its employees, to the COUNTY shall be that of an Independent Contractor and not as employees or agents of the COUNTY.

The AUDITOR does not have the power or authority to bind the COUNTY in any promise, agreement, or representation other than specifically provided for in this Contract.

ARTICLE 22 - CONTINGENT FEE

The AUDITOR warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the AUDITOR, to solicit or secure this Contract and that it has not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee working solely for the AUDITOR, any fee, commission, percentage, gift, or any other consideration contingent upon or resulting from the award or making of this Contract.

ARTICLE 23 - ACCESS AND AUDITS

The AUDITOR shall maintain adequate records related to all charges, expenses, and costs incurred in estimating and performing the work for at least three (3) years after completion or termination of this Contract. The COUNTY shall have access to such books, records, and documents as required in this section for the purpose of inspection or audit during normal business hours, at the AUDITOR's place of business.

ARTICLE 24 - NONDISCRIMINATION

The AUDITOR warrants and represents that all of its employees are treated equally during employment without regard to race, color, religion, disability, sex, age, national origin, ancestry, marital status, familial status, sexual orientation, or gender identity and expression.

ARTICLE 25 - AUTHORITY TO PRACTICE

The AUDITOR hereby represents and warrants that it has, and will continue to maintain, all licenses and approvals required to conduct its business; and, that it will, at all times, conduct its business activities in a reputable manner. Proof of such licenses and approvals shall be submitted to the COUNTY's representative upon request.

ARTICLE 26 - SEVERABILITY

If any term or provision of this Contract or the application thereof to any person or circumstances shall, to any extent, be held invalid or unenforceable, the remainder of this Contract, or the application of such terms or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected, and every other term and provision of this Contract shall be deemed valid and enforceable to the extent permitted by law.

ARTICLE 27 - PUBLIC ENTITY CRIMES

As provided in F.S. 287.132-133, by entering into this Contract or performing any work in furtherance hereof, the AUDITOR certifies that it, its affiliates, suppliers, subcontractors and consultants who will perform hereunder, have not been placed on the convicted vendor list maintained by the State of Florida Department of Management Services within the thirty-six (36) months immediately preceding the date hereof. This notice is required by F.S. 287.133(3)(a).

ARTICLE 28 - SCRUTINIZED COMPANIES (when contract value is greater than \$1 million)

As provided in F.S. 287.135, by entering into this Contract or performing any work in furtherance hereof, the AUDITOR certifies that it, its affiliates, suppliers, subcontractors and consultants who will perform hereunder, have not been placed on the Scrutinized Companies With Activities in Sudan List or Scrutinized Companies With Activities in The Iran Petroleum Energy Sector List created pursuant to F.S. 215.473.

If the COUNTY determines, using credible information available to the public, that a false certification has been submitted by AUDITOR, this Contract may be terminated and a civil penalty equal to the greater of \$2 million or twice the amount of this Contract shall be imposed, pursuant to F.S. 287.135.

ARTICLE 29 - MODIFICATIONS OF WORK

The COUNTY reserves the right to make changes in Scope of Work, including alterations, reductions therein, or additions thereto. Upon receipt by the AUDITOR of the COUNTY's notification of a contemplated change, the AUDITOR shall, in writing: (1) provide a detailed estimate for the increase or decrease in cost due to the contemplated change; (2) notify the COUNTY of any estimated change in the completion date; and (3) advise the COUNTY if the contemplated change shall affect the AUDITOR's ability to meet the completion dates or schedules of this Contract.

If the COUNTY so instructs, in writing, the AUDITOR shall suspend work on that portion of the Scope of Work affected by a contemplated change, pending the COUNTY's decision to proceed with the change.

If the COUNTY elects to make the change, the COUNTY shall initiate a Contract Amendment, and the AUDITOR shall not commence work on any such change until such written amendment is signed by the AUDITOR and approved and executed on behalf of Palm Beach County.

ARTICLE 30 - NOTICE

All notices required in this Contract shall be sent by certified mail (return receipt requested), hand delivered, or sent by other delivery service requiring signed acceptance. If sent to the COUNTY, notices shall be addressed to:

Kathleen M. Scarlett, Director
Purchasing, Palm Beach County
50 South Military Trail, Suite 110
West Palm Beach, FL 33415

With a copy to:

Liz Bloeser, Director
Office of Financial Management & Budget
Palm Beach County
Governmental Center
301 N. Olive Ave., 7th Floor
West Palm Beach, FL 33401

If sent to the AUDITOR, notices shall be addressed to:

Robert R. Feldmann, Partner
McGladrey LLP
1555 Palm Beach Lakes Blvd., Suite 700
West Palm Beach, FL 33401

ARTICLE 31 - ENTIRETY OF CONTRACTUAL AGREEMENT

The COUNTY and the AUDITOR agree that this Contract sets forth the entire agreement between the parties, and that there are no promises or understandings other than those stated herein. None of the provisions, terms, and conditions contained in the Contract may be added to, modified, superseded, or otherwise altered, except by written instrument executed by the parties hereto in accordance with Article 29 - Modifications of Work.

ARTICLE 32 - REGULATIONS; LICENSING REQUIREMENTS:

The AUDITOR shall comply with all laws, ordinances and regulations applicable to the services contemplated herein, to include those applicable to conflict of interest and collusion. AUDITOR is presumed to be familiar with all federal, state and local laws, ordinances, codes and regulations that may in any way affect the services offered.

THE REST OF THIS PAGE LEFT BLANK INTENTIONALLY

IN WITNESS WHEREOF, the parties have made and executed this Contract on the day and year above written.

PALM BEACH COUNTY, FLORIDA BY ITS
BOARD OF COMMISSIONERS

AUDITOR:

BY: _____
Steven L. Abrams, Mayor

McGladrey LLP
Company Name

BY: Robert R. Feldmann
Robert R. Feldmann, Partner

CORPORATE SEAL

ATTEST:
Sharon R. Bock, Clerk & Comptroller
Circuit Court

ATTEST WITNESS:

BY: _____
Deputy Clerk

BY: Amanda Crouch
Print Name

Amanda Crouch
Signature

APPROVED AS TO TERMS
AND CONDITIONS:

BY: Brett Friedman
Print Name

Brett Friedman
Signature

BY: [Signature]

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY

BY Paul E. J.
County Attorney

EXHIBIT A
SCOPE OF WORK/SERVICES
Contract No. 13-020/DP

I. Periods to be Examined

The audit engagement will cover each of the fiscal years ending September 30, 2013, 2014, and 2015 (three years) with an option to be exercised by the Board of County Commissioners, the (Board) to renew the contract for up to four (4) additional years at prices to be negotiated after completion and submission of the audit reports for the fiscal year ended September 30, 2015.

II. Scope of Examination

A. Financial Statements

The examination will be a financial and compliance audit in accordance with Section 11.45, Florida Statutes, in order to express an opinion on an annual basis on the financial statements of the Board, Constitutional Officers and component units included in the Comprehensive Annual Financial Report (CAFR). The first year to be audited will be the fiscal year ending September 30, 2013. The examination should be to the extent necessary for the AUDITOR to express an opinion on the fairness with which the financial statements present the financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles, the requirements of the Single Audit Act of 1984, as amended, the Single Audit Act Amendments of 1996 and the requirements of the State Auditor General related to the audit of state grant-in-aid appropriations as provided for in Chapter 10.550 of the Rules of the Auditor General and Florida Statutes 216.349 and 216.3491.

To this effect, the AUDITORS shall familiarize themselves with and comply with the provisions of any and all federal, state and county orders; statutes; ordinances; charter; bond covenants; administrative code and orders. Rules and regulations that may pertain to the work required in the engagement, include, but shall not be limited to the following:

- Section 218.39(1)(a), Florida Statutes – Annual Financial Audit Report “AFAR”
- Section 218.32(1)(a), Florida Statutes – Annual Financial Report “AFR” for local government entities
- Section 11.45, Florida Statutes and 10.550 Rules of the Auditor General
- Section 218.415, Florida Statutes and 10.554(1)(i)2 Rules of the Auditor General
- Section 216.349, Florida Statutes (State Grants & Aids Appropriations)
- AICPA's Audits of State and Local Government Units

- Comptroller General of the U.S.'s Governmental Auditing Standards
- Federal Single Audit Act and OMB Circular A-133
- Federal Grant Contract Requirements
- State Grant Contract Requirements
- Section 29.0085, Florida Statutes, Statement of County Funded Court Related Functions
- Florida Single Audit Act Section 215.97, Florida Statutes
- Sections 28.35 and 28.36, Florida Statutes and 10.554(1)(i)8, Rules of the Auditor General

The statements to be audited will be prepared by the Clerk & Comptroller's Finance Department or other appropriate Constitutional Officer. The AUDITOR will submit any proposed adjusting journal entries to the Finance Department and OFMB or appropriate Constitutional Officer for approval in a timely manner.

County understands and agrees that the underlying books and records of account must be properly closed as required by Florida Statutes to maintain the independence of the AUDITOR and allow the AUDITOR reasonable time to meet the completion deadlines.

B. Review of Internal Control

An evaluation is to be made of the system of internal control to assess the extent it can be relied upon to ensure accurate information, to ensure compliance with law and regulations, and to provide for efficient and effective operations. The study of internal control should include:

1. **Review of the system**, which is primarily the process of obtaining information about the organization and the procedures prescribed and is intended to serve as the basis for tests of compliance and for evaluation of the system.
2. **Tests of compliance**, which are made to provide reasonable assurance that the accounting control procedures are being applied as prescribed.
3. **Data Processing Review**, A review is to be made to compare the calculating operations of the computer with the desired results by tests of transactions. A review of controls used in the computer center to assure protection of files and prevention of processing errors and a review of the data processing operation shall be made.

C. Audit Report

The audit report is to include the AUDITOR's opinion, audited financial statements and management letters. An oral presentation to the Board of County Commissioners or its Audit Committee may be required summarizing the results of the audit report involving the Board of County Commissioners.

1. Opinion-Comprehensive Annual Financial Report (CAFR)

This audit report shall contain an opinion on the general purpose financial statements of the Board, Constitutional Officers and component units as a whole. If an unqualified opinion cannot be expressed, the nature of the qualification should be clearly stated in the opinion. AUDITOR shall provide one signed original of the opinion letter to the Finance Department for the CAFR.

2. Opinion - Auditor General

This report shall contain separate opinions on the financial statements of the Board and each Constitutional Officer. If unqualified opinions cannot be expressed, the nature of the qualification should be clearly stated in the opinion. AUDITOR shall provide one signed original of each of the opinion letters to the Finance Department for the AFAR.

3. Report on Federal and State Grants

The scope of the examination shall include audits now required by State and Federal authorities (grant audits) including the Single Audit Act of 1994, the Single Audit Act Amendments of 1996 and OMB Circular A-133, and Rules of the Auditor General. AUDITOR shall provide 90 bound copies, one electronic copy and one unbound copy of the report to OFMB; and one unbound, unnumbered copy to the Finance Department for the AFAR.

4. Management Letters

The AUDITOR shall prepare management letters which shall contain audit findings which, among other matters, may include the following material items discovered within the scope of the audit:

- a. Whether errors or irregularities reported in the preceding audit report have been corrected;
- b. Whether recommendations made in the preceding audit report have been followed;
- c. Recommendations to improve management, accounting procedures, internal controls, and increase efficiency;
- d. Violation of the laws, rules, and regulations discovered within the scope of the audit;
- e. Illegal expenditures discovered within the scope of the audit;
- f. Improper or inadequate accounting procedures;

- g. Failure to properly record financial transactions;
- h. Other inaccuracies, irregularities, shortages, and defalcations discovered by the AUDITOR; and
- i. Whether the Annual Financial Report filed with the State by the Clerk & Comptroller is in agreement with the audited financial statements for the same period and, if not, specify any significant differences.

The drafts of the management letter concerning the operations of the Board of County Commissioners are to be discussed with the County Administrator, the Director of OFMB and Clerk & Comptroller's Chief Operating Officer of Finance before issuance in final form. The draft management letter for each constitutional officer will be discussed with the Constitutional Officer or their designated representative before issuance in final form.

The final presentation of the management letter shall be in one combined report to include the Board and Constitutional Officers. AUDITOR shall provide 50 bound copies, one electronic copy and one unbound copy of the management letter to OFMB, one bound copy to each Constitutional Officer, and one unbound, unnumbered copy to the Finance Department for the AFAR.

5. Independent Auditor's 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 (the "Internal Control Report").

The AUDITOR shall prepare separate Internal Control Reports for inclusion in the AFAR for the Board and each of the Constitutional Officers. The report for the Board is an integral part of the Schedule of Expenditures of Federal Awards and State Financial Assistance, also known as the Single Audit. The report for the five Constitutional Officers are prepared separately and included in the AFAR along with the separate Audit Opinions and Management Letters for each Constitutional Officer.

6. Report to the Board of County Commissioners.

This report summarizes certain matters required by professional standards to be communicated to the Board in their oversight responsibility for the County's financial reporting process. AUDITOR shall provide 25 bound copies, one electronic copy and one unbound copy to OFMB.

7. Reports On Examination

Mayor –Steven L. Abrams Board of County Commissioners P.O Box 1989 West Palm Beach, FL 33402	Sharon R. Bock, Esq. Clerk & Comptroller 301 N. Olive Avenue, 9th Floor West Palm Beach, FL 33401
Gary R. Nikolits, CFA Property Appraiser 301 N. Olive Avenue West Palm Beach, FL 33401	Ric Bradshaw Sheriff P.O. Box 24681 West Palm Beach, FL 33406
Anne M. Gannon, CFC Tax Collector P.O. Box 3715 West Palm Beach, FL 33401	Susan Bucher Supervisor of Elections 240 South Military Trail West Palm Beach, FL 33415

The audit report shall address the Board of County Commissioners and each Constitutional Officer as separate government agencies for reporting purposes so that the results of financial operations and the compliance with legal and regulatory requirements is readily discernible for the Board and each Constitutional Office as separate entities. The reports on the various accounting entities shall be addressed as follows:

D. Other Services to be Provided

In addition to the audit of the County's Financial Statements, the selected AUDITORS will be required to provide additional annual services for the following:

- Statement of County Funded Court Related Functions (Sec 29.0085, FS)
- Separate financial statement opinion audits on Airports and Water Utilities Department - 10 bound copies of each and one electronic copy
- Separate Airport Passenger Facility Charge audit – 10 bound copies and one electronic copy.
- Agreed-upon procedures regarding National Transit Database Reports, Operating Expenses, Form and Urbanized Area Formula Statistics Form – Palm Tran.

The following organizations are presented in the County's financial statements as component units:

- Solid Waste Authority (SWA) (discrete)
- Housing Finance Authority (HFA) (discrete)
- Westgate/Belvedere Homes Community Redevelopment Agency (CRA) (discrete)
- Metropolitan Planning Organization (discrete)
- Palm Tran (blended)

The financial statements of the SWA, HFA and CRA are currently audited by other Certified Public Accountants, and the scope of services contemplated in this Request for Proposal does not anticipate an examination of their statements of operations. However, AUDITOR will be responsible for incorporating these financial statements into the Palm Beach County Comprehensive Annual Financial Report.

AUDITOR will conduct or arrange for Continuing Professional Education (CPE) Programs by providing eight (8) hours of Governmental Accounting and Auditing CPE credit for up to sixty (60) County and Constitutional Officer employees (total 480 hours) in each year of the contract including renewal periods. No CPE program fees will be charged to the employees attending such sessions. Other costs such as travel, lodging, lunch costs, and out-of-pocket expenses will be the responsibility of the County or the Constitutional Officers. These hours shall be provided within 100 miles of West Palm Beach.

E. Other Considerations

Except as may be otherwise required by Federal or State Grantors all grant audits will be handled as a single audit under the Single Audit Act of 1984, Single Audit Act Amendments of 1996 and Rules of the Auditor General.

In addition, there are a number of audit requirements of various bonded debt obligations. To the extent possible, it is the express intent of the Board and the Constitutional Officers of Palm Beach County that duplication of effort during the audit engagements be avoided and that all audit requirements be encompassed into the countywide audit to the fullest extent possible.

The audits described herein shall include procedures designed to detect errors and irregularities which would have a material effect on the financial statements. To the extent that the AUDITOR detects such material errors and irregularities they will be promptly reported in writing to the County Administrator and appropriate Constitutional Officer, or higher level Officer, if appropriate.

County expressly permits AUDITOR to consult with the Auditor General of the State of Florida and the federally designated "Cognizant Agency" on any matter pertaining to the Audit which in the judgment of the AUDITOR would be important to the conduct of its examination or its report on the results hereof.

III. Additional Services

If during the contractual period covered by the agreement, additional services, such as grant (above the requirements of the Single Audit Act of 1984, Single Audit Act Amendments of 1996, or the State Auditor General related to state grant-in-aid appropriations) or operational audits are needed, AUDITOR may, at the option of the Board of County Commissioners, be engaged to perform these services under the terms of the contract.

AUDITOR is required to submit rates for additional audit services to be included in the contract. Additional services that are anticipated to equal or exceed \$10,000 will require approval of the Board of County Commissioners. Services anticipated to cost less than \$10,000 may be approved by the Director of OFMB.

IV. Schedule

A. Field Work

For the first year of the engagement, planning of the audit field work should commence immediately after the execution of a professional services agreement between the Board and the AUDITOR. Field work should be scheduled in a manner that will allow for completion and submittal of the final reports in accordance with the deadline dates, as well as the Palm Beach County Year End Closing Calendar.

B. Audit Report Deadline and Distribution

The audit report on the CAFR and the draft management letter, are to be completed each year no later than three working days prior to March 31st. The Auditor General's Report and the management letter, including administrative responses, shall be delivered to County Administration in final form by June 30. The Grants Audit to be performed under the Single Audit Act of 1984, Single Audit Act Amendments of 1996 and Florida Statute 216 shall be delivered in final form by June 15. For all other reports, the deadline is March 31.

The audits must be completed in the time frame set forth above. Extensions for time of completion may be allowed for good cause by the County only if extensions are allowed by Florida Statutes. In any case, time is of the essence. AUDITOR is aware that Florida Laws provide substantial penalties against Counties which do not comply with the Local Government Financial Responsibility Act (F.S. 11.45).

County understands that the support personnel and other assistance described in section V. below are essential to the timely completion of the audit and agrees to provide all reasonably requested assistance. Failure to provide the assistance agreed to by the AUDITOR and the County or appropriate Constitutional Officer at the commencement of or during audit field work shall be cause for extension of deadlines set forth in this section and/or additional compensation to the

AUDITOR at the average hourly rate or hourly labor rates stipulated in APPENDIX A.

AUDITOR understands and agrees that County may issue audited financial statements with AUDITOR's opinion thereon separately from the AUDITOR's management letter comments.

Separate audit exit conferences for discussion of audit findings will be held with the County Administrator, Internal Auditor and Clerk & Comptroller's Chief Operating Officer of Finance for management letter comments pertaining to Board operations and with each Constitutional Officer for comments relating to their respective offices prior to submission of the final management letters. All printing and reproduction costs incurred shall be borne by the AUDITOR.

C. Working Papers

For a period of three (3) years after completion of any work provided herein, the AUDITOR's working papers shall be retained. The Board or Constitutional Officers and their representatives shall be entitled, at any time during such three (3) year period, to inspect and reproduce such documents deemed necessary.

V. Support Personnel

To the extent possible, County support personnel will be made available to provide assistance for tasks, such as identifying locations of required records and documentation, gathering needed records and supporting information, and such other audit tasks that will serve to expedite the audit. Please refer to the contact persons identified in the attached Attachments A, B, C, D, E and F. The following employees will be available to provide the necessary assistance:

- A. The Clerk & Comptroller's Chief Operating Office of Finance and other staff are responsible for the preparation of the Comprehensive Annual Financial Report (CAFR), as well as the Annual Financial Audit Report (AFAR) and the Annual Financial Report (AFR).
- B. The Director of Information Systems Services and staff are responsible for the data processing function for the County.
- C. Any and all employees responsible for financial administration in the County. In addition, the AUDITOR may communicate with the predecessor auditor to discuss any matters deemed appropriate as prescribed by the American Institute of Certified Public Accountants.
- D. OFMB is responsible for coordination of the Single Audit Report.

**ATTACHMENT A
TO SCOPE OF WORK/SERVICES
RFP NO. 13-020/DP**

BOARD OF COUNTY COMMISSIONERS

1. Contact Person for Additional Information:

Richard Iavarone, Director of Financial Mgmt., OFMB
301 N. Olive Avenue
Suite 702.26
West Palm Beach, FL 33402
Phone: (561) 355-4369

2. Description of Entity and Records to be Audited

Budget-Fiscal Year 2012-13; \$3,884,250,421.

3. Funds, Account Groups, and Associated Governmental Entities to be Audited

1 – General Fund
107 – Special Revenue Funds
42 – Debt Service Funds
59 – Capital Projects Funds
30 – Enterprise Fund (Airport and Water Utilities Department)
4 – Internal Service Funds
Capital Assets
Long-Term Debt
Presented Component Units

The following documents are available for review in the Office of the Clerk & Comptroller's Chief Operating Officer of Finance, Second Floor, Governmental Center, 301 North Olive Avenue, West Palm Beach, Florida.

- A. Annual Financial Reports for 2009, 2010 and 2011
- B. 2011-2012 Annual Budget
- C. Selected Computer Reports including utility billings, special assessments, fixed assets, payroll and licensing.
- D. Management letters for 2009, 2010, and 2011 and County and Constitutional Officer's responses.
- E. Auditor General Report

**ATTACHMENT B
TO SCOPE OF WORK/SERVICES
RFP NO. 13-020/DP**

CLERK & COMPTROLLER, PALM BEACH COUNTY

1. Contact Persons for Additional Information

Roger Trca, Inspector General & Audit Director
301 North Olive Avenue, Suite 902.6
West Palm Beach, Florida 33401
Phone: (561) 355-2722
Fax: (561) 355-6727

2. Description of Entity and Related Information
Clerk & Comptroller, Palm Beach County, Florida
Major Functions:

Clerk of the Circuit Court
Clerk to the Board of County Commissioners
Clerk to the Value Adjustment Board
County Recorder
County Comptroller

Fiscal Year 2012-13 Budget: \$57 million
Fiscal Year 2011 Child Support Reimbursement: \$1 billion
Fiscal Year 2012-13 Budget Positions 765

3. Accounting & Reporting Information

Accounting System Software: PeopleSoft
Reporting Level Funds & Account Groups:

General Fund
Special Revenue Fund
Agency Fund

Accounting Level Funds:
1 General Fund
1 Special Revenue Fund
5 Agency Funds
1 Capital Asset Fund
1 Internal Service (Health) Fund

**ATTACHMENT C
TO SCOPE OF WORK/SERVICES
RFP NO. 13-020/DP**

PROPERTY APPRAISER

1. Contact Person for Additional Information

Joanne Ruffy
Executive Assistant
301 N. Olive Avenue
West Palm Beach, FL 33401
(561) 355-2865

2. Description of Entity and Record to be Audited

The budget for the Appraiser's operation is \$21,673,398 for fiscal year 2012-2013

3. Funds, Account Groups, and Associated Governmental Entities to be Audited

General Fund
Long-Term Debt Fund
Capital Asset Fund

**ATTACHMENT D
TO SCOPE OF WORK/SERVICES
RFP NO. 13-020/DP**

SHERIFF

1. Contact Person for Additional Information

Sherry Mazorra
P.O Box 24681
West Palm Beach, FL 33406
(561) 688-3107

2. Description of Entity and Records to be Audited
Budget for Fiscal Year 2012-13 \$471,302,293

3. Funds, Account Groups and Associated Governmental Entities to be Audited

1 General Fund

10 Special Revenue Funds:

Federal Law Enforcement Trust Fund-
Justice Federal Law Enforcement Trust
Fund - Treasury State Law Enforcement
Trust Fund Appropriated State Law
Enforcement Trust Fund Suspense
911 Equipment Fund
PLICAT – Public Law Enforcement Insurance Combating Auto Theft
Juvenile Assessment
Fund Inmate Canteen
and Welfare Grants
Parking Enforcement

4 Agency Funds:

Inmate
Trust Civil
Trust
Cash Bonds
Suspense Revenues

2 Account Groups:

Capital Asset
Fund Long-Term Debt Fund

**ATTACHMENT E
TO SCOPE OF WORK/SERVICES
RFP NO. 13-020/DP**

TAX COLLECTOR

1. Contact Person For Additional Information
Carmen C. Richardson, Director of Finance and Budget
301 North Olive Avenue, 3rd Floor
West Palm Beach, FL 33401
Phone: (561) 355-2946
Fax: (561) 355-3814
2. Description of Entity and Records to be Audited
The Tax Collector's budget for fiscal year 2011-2012; \$58,939,720
3. Funds and Accounts Groups to be Audited
General Fund
Agency Fund
Capital Assets
Long-Term Debt

**ATTACHMENT F
TO SCOPE OF WORK/SERVICES
RFP NO. 13-020/DP**

SUPERVISOR OF ELECTIONS

1. Contact Person for Additional Information
Susan Bucher, Supervisor of Elections
240 South Military Trail
West Palm Beach, FL 33415
(561) 656-6200
2. Description of Entity and Records to be Audited
Operating Budget for Fiscal Year 2012-13; \$10,265,000
3. Funds and Account Groups to be Audited
The revenues and expenditures are accounted for and reported within the stand alone system managed by the Supervisor of Elections.

General Fund

EXHIBIT B
AUDITOR'S PROPOSAL
DATED JANUARY 14, 2013
Contract No. 13-020/DP
(107 Pages)

EXHIBIT C
ARRANGEMENT LETTER
Contract No. 13-020/DP



EXHIBIT C
CONTRACT NO. 13-020/DP

Arrangement Letter

The Auditor will perform an audit of the financial statements of Palm Beach County, Florida (the "County"), which comprise the governmental activities, business-type activities, aggregate discretely presented component units, each major fund and aggregate remaining fund information as of and for each of the years ending during the contract period which collectively comprise the basic financial statements. The objective of an audit of financial statements is to express an opinion on those statements.

The Auditor will also perform the audit of the County as of each year end so as to satisfy the audit requirements imposed by the Single Audit Act and the U. S. Office of Management and Budget (OMB) Circular No. A-133 and Chapter 10.550, *Rules of the Auditor General of the State of Florida*.

The Auditor will conduct each audit in accordance with auditing standards generally accepted in the United States of America (GAAS); "Government Auditing Standards" issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General of the State of Florida*. Those standards, circulars, supplements, and rules require that the Auditor 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. 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.

Due to the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, Government Auditing Standards do not expect the Auditor to provide reasonable assurance of detecting abuse.

In making our risk assessments, the Auditor considers internal control relevant to the County'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 County's internal control. However, the Auditor will communicate to the County in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that the Auditor has identified during the audit.

The Auditor will also communicate to the Board of County Commissioners (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to the Auditor during each audit, and (b) any instances of noncompliance with laws and regulations that the Auditor becomes aware of during each audit (unless they are clearly inconsequential).

The funds that the County has told the Auditor are maintained by the County and that are to be included as part of the Auditor's audit are similar to those in the September 30, 2011 audit report.

The component units whose financial statement the County has told the Auditor are to be included as part of the County's basic financial statements are the same as those listed in the September 30, 2011 audit report. The Auditor will not audit the financial statements of the Solid Waste Authority, the Housing Finance Authority and the Westgate/Belvedere Homes Community Redevelopment Agency as part of this contract. There are no component units whose financial statements the County has not told the Auditor will be omitted from the basic financial statements.

The federal and state financial assistance programs that the County has told the Auditor that the County participates in and that are to be included as part of the single audit are similar to those in the September 30, 2011 audit report.

The Auditor's reports on internal control will include any significant deficiencies and material weaknesses in controls of which the Auditor becomes aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards, circulars and rules identified above. The Auditor's reports on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts, and any state or federal grant, entitlement, or loan program questioned costs of which the Auditor becomes aware, consistent with requirements of the standards, circulars and rules identified above.

Each audit will be conducted on the basis that management and when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For 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;
- c. For establishing and maintaining effective internal control over financial reporting and for informing the Auditor of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
- d. For identifying and ensuring that the County complies with the laws and regulations applicable to its activities, and for informing the Auditor about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing the Auditor about all known or suspected fraud affecting the County involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing the Auditor of its knowledge of any allegations of fraud or suspected fraud affecting the County received in communications from employees, former employees, analysts, regulators, or others;
- e. For (a) making the Auditor aware of significant vendor relationships where the vendor is responsible for program compliance, (b) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan, and (c) report distribution including submitting the reporting package(s); and
- f. To provide the Auditor with:
 - (1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;

- (2) Additional information that the Auditor may request from management for the purpose of the audit;
- (3) Unrestricted access to persons within the County from whom we determine it necessary to obtain audit evidence;
- (4) When applicable, a summary schedule of prior audit findings for inclusion in the single audit reporting package; and
- (5) If applicable, responses to any findings reported on the schedule of findings and questioned costs.

As part of the audit process each year, the Auditor will request from management and when appropriate, those charged with governance, written confirmation concerning representations made to the Auditor in connection with the audit including among other items:

- a. That management has fulfilled its responsibilities as set out in the terms of this letter; and
- b. That it believes the effects of any uncorrected misstatements aggregated by the Auditor during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the County complies with the laws and regulations applicable to its activities, and for informing the Auditor about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing the Auditor about all known or suspected fraud or abuse affecting the County involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing the Auditor of its knowledge of any allegations of fraud or abuse or suspected fraud or abuse affecting the County received in communications from employees, former employees, analysts, regulators, short sellers, or others.

Management is responsible for the preparation of the required supplementary information (RSI) and supplementary information presented in relation to the financial statements as a whole in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the RSI and supplementary information in any document that contains the supplementary information and that indicates that the auditor has reported on such RSI and supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of County Commissioners is responsible for informing the Auditor of its views about the risks of fraud or abuse within the County, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the County.

Should the County desire to include our report on the financial statements in an official statement or other document involved with the sale of debt instruments without our prior consent, the County will include language to the following effect:

The audited basic financial statements of Palm Beach County, Florida for the fiscal year ended (AUDIT DATE) included in the Comprehensive Annual Financial Report of the County have been incorporated herein by reference (See "ANNUAL FINANCIAL REPORTS" herein). The financial statement and auditor's report have been included in this Official Statement as public documents and consent from the auditor was not requested. The auditor has not participated in the preparation or review of this Official Statement and is therefore not associated with the issuance of the [NAME OF DEBT INSTRUMENT]."

If the County elects to associate the Auditor with an official statement or the Auditor becomes associated as defined by professional standards, separate arrangements will be necessary which will provide for the Auditor to perform certain required procedures in accordance with professional standards prior to the issuance of the official statement. The County also agrees that it will provide the Auditor with printer's proofs or masters of such offering documents for the Auditor's review and approval before printing and with a copy of the final reproduced material for the Auditor's approval before it is distributed. In the event the auditor/client relationship has been terminated when the County seeks such consent, the Auditor will be under no obligation to grant such consent or approval.

If circumstances arise relating to the conditions of the County's records, the availability of sufficient, competent evidential matter, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, misappropriation of assets, or noncompliance which in our professional judgment prevent the Auditor from completing the audit or forming an opinion, the Auditor retains the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawal from the engagement.

During the course of our engagement, the Auditor may accumulate records containing data that should be reflected in the County's books and records. The County will determine that all such data, if necessary, will be so reflected. Accordingly, the County will not expect the Auditor to maintain copies of such records in the Auditor's possession.

The assistance to be supplied by County personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with OFMB and the Clerk and Comptroller's Financial Reporting Department. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report for each year.

From time to time and depending upon the circumstances, the Auditor may use third-party service providers to assist the Auditor in providing professional services to the County. In such circumstances, it may be necessary for the Auditor to disclose confidential client information to them. The Auditor enters into confidentiality agreements with all third-party service providers and the Auditor is satisfied that they have appropriate procedures in place to prevent the unauthorized release of the County's confidential information to others. In addition, the Auditor may utilize financial information the County has provided to the Auditor in connection with this engagement for purposes of creating benchmarking data to be used by the Auditor's professionals and other clients. This benchmarking data is aggregated with data from a minimum of five other entities so that users of the data are unable to associate the data with any single entity in the database.

In accordance with Government Auditing Standards, a copy of our most recent peer review report has been provided to the County for the County's information.

In the event the Auditor is requested or authorized by the County or are required by government regulation, subpoena, or other legal process to produce the Auditor's documents or the Auditor's personnel as witnesses with respect to the Auditor's engagement for the County, the County will, so long as the Auditor is not a party to the proceeding in which the information is sought, reimburse the Auditor for the Auditor's professional time and expenses, as well as the fees and expenses of the Auditor's counsel, incurred in responding to such requests in accordance with the fees provided in the Auditors' price proposal response included in Appendix A of the contract.

The documentation for this engagement is the property of the Auditor. However, the County acknowledge and grant the County's assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that the Auditor shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of the Auditor's audit personnel and at a location designated by our Firm.

The County and the Auditor agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than three years after the date of the audit report issued by the Auditor or the date of this arrangement letter if no report has been issued. The County waives any claim for punitive damages. The Auditor's liability for all claims, damages and costs of the County arising from this engagement is limited to the amount of fees paid by the County to the Auditor for the services rendered under this arrangement letter.

The Auditor will issue a written report upon completion of their audit of the County's financial statements. The Auditor's report will be addressed to the Board of County Commissioners of Palm Beach County. The Auditor cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for the Auditor to modify their opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on the County's financial statements for each year, the Auditor will also issue the following types of reports:

- A report on the fairness of the presentation of the County's schedule of expenditures of federal awards and state financial assistance for each of the years ending during the contract period.
- Reports on internal control related to the financial statements, and major programs/projects. These reports will describe the scope of testing of internal control and the results of our tests of internal controls.
- Reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. The Auditor will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a material effect, as defined by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General of the State of Florida*, on each major program/project.
- A schedule of findings and questioned costs.
- Management letter in accordance with Chapter 10.550, *Rules of the Auditor General of the State of Florida*.
- A report on compliance with the Passenger Facility Charges Program.