

# Independent Audit Services for the Gulf Consortium

## Request for Proposal (RFP) for Audit Services

### Technical and Price Proposal



**Grant Thornton**

An instinct for growth

November 3, 2014

November 3, 2014

Florida Association of Counties  
ATTN: Ms. Virginia “Ginger” Delegal,  
Interim Manager, Gulf Consortium  
100 South Monroe Street  
Tallahassee, FL 32301

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Subject: Request for Proposal (RFP) for “Independent Audit Services for the Gulf Consortium”

Dear Ms. Delegal,

Grant Thornton is pleased to submit the enclosed proposal to the Gulf Consortium (Consortium) to provide audit services to the Consortium, including an audit report consisting of a financial audit of the Consortium, an audit of its financial accounts and records, which encompasses all reports, management letters, and financial statements as well as additional services requested by the Consortium. We are confident that we are the most qualified Proposer to provide these services required by Consortium in this response to your Invitation to Bid for the following reasons:

- **Extensive experience in the government sector** – Public sector clients have been a strategic focus of our firm for many years. We have built a national network of skilled audit professionals to serve this important market. As outlined throughout this proposal, we have the breadth, knowledge and experience to excel in government audit services
- **National resources, personal attention** – We will offer you the access to national resources that a Big Four firm would provide but still give you the hands-on partner attention you would expect to receive from a more local or regional firm. You get the best of both worlds – a large national firm with extensive resources that is highly trusted by rating agencies and the public markets and the commitment, dedication and personal attention of a small firm. Grant Thornton provides greater partner and manager interaction with clients: partner to staff ratio (1:9) relative to the leverage models of most of the other large CPA firms (1:11). Our partners will spend a significant amount of time in the field during the audit reviewing your operations and finances giving the Consortium more personal attention and quicker responses to critical issues that impact them. You will be served by people who have a passion for personalized client attention. You will receive more value for what you pay because your engagement team will provide a tailored service approach. We are committed to a high level of service, and as such, you will have access to our professionals across the firm should any issues arise. Grant Thornton is an international accounting firm with a depth of knowledge and resources in your industry to provide any services needed.
- **An effective project communication model** – We bring to you experience in designing an effective project communication model that includes our willingness to engage in effective regular communication on project status and information risks. Our goal is “straight talk” that communicates the status of our work, any problems we have



found and the solutions we propose. We believe this is essential to helping the Consortium better manage its financial reporting risks and prepare itself to administer the funding to be received for the development and implementation of the State Expenditure Plan. You will receive experienced based decisions based on knowledge of the facts.

- **A smooth transition** – A seamless transition offers a fresh perspective. Switching service providers is an important strategic decision for your organization. If you make the choice to switch, and the transition is executed thoughtfully, the result will truly benefit your organization. Your engagement team understands that this is a crucial time to set expectations and establish a strong Consortium-Grant Thornton relationship. In order to make this as seamless as possible, we will perform transition work early and efficiently, minimizing the impact on your staff. Our successful methods allow you to focus on your goals and stay true to your mission. We have significant experience with these transitions, including from your current firm.

Your time is valuable. As a result, you will find this document provides only the information requested in your RFP that will prove to be most critical to your decision-making process. Selecting a new audit services provider is an important decision, and we know that you will likely have questions. Please feel free to contact me at 703-637-2730 or [Jack.Reagan@us.gt.com](mailto:Jack.Reagan@us.gt.com) with any questions, or should you require additional information.

Grant Thornton certifies that all information provided in this proposal is accurate and complete to the best of our knowledge. Prices in this proposal are valid for at least 180 calendar days from the date of receipt by the Government.

Sincerely,

John E. Reagan III, CPA, CGFM  
Lead Engagement Partner



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## Technical and Cost Proposal (RFP 4.2)

### A. Description and history of Grant Thornton LLP

#### *About Grant Thornton*

The people in the independent firms of Grant Thornton International Ltd provide personalized attention and the highest quality service to public and private clients in more than 100 countries. Grant Thornton LLP is the U.S. member firm of Grant Thornton International Ltd, one of the six global audit, tax and advisory organizations with 696 offices across the globe.

Headquartered in Chicago, Grant

Thornton LLP is an Illinois limited liability partnership owned by 523 partners, none of which own more than five percent of the firm, and has 56 offices throughout the United States. Grant Thornton International Ltd and its member firms are not a worldwide partnership, as each member firm is a separate and distinct legal entity. Our dedicated not-for-profit industry professionals have extensive experience in governmental reporting requirements. We also have a global public sector (GPS) practice in Alexandria, VA that is solely dedicated to serving government entities. Our not-for-profit (NFP) and GPS professionals provide a full suite of services to governmental reporting entities.

#### *Depth of governmental resources to serve you*

Compared to most firms, Grant Thornton has more people with more experience dealing with issues in the government sector. This experience includes working with both large and small cities and other governmental entities throughout the US. This translates into well-informed ideas and proven solutions that are relevant to the Gulf Consortium (Consortium). You will benefit from the confidence in working with people who know and understand your environment.

Accountability to the public is essential for every governmental entity. An external audit provides that independent, objective, fact-based assessment of stewardship, cost, or performance of programs and operations. Grant Thornton has an extensive national practice, comprised of our state and local government services and our global public sector, devoted to providing audit and advisory services to the government sector. Our distinguished professionals bring invaluable real world experience and understand operating under the unique constraints faced by the public sector. We have a legacy of being among the profession's pioneers in developing public sector planning techniques, performance measures, evaluation criteria, and financial management systems.

At a glance			
	Grant Thornton member firms worldwide	U.S. member firm	Global Public Sector
Revenues (USD)	\$4.5 billion	\$1.2 billion	—
Personnel (w/Partners)	38,543	6,436	890
Partners	2,907	523	5%
Offices	696	56	—
<i>Statistics as of</i>	<i>Sep 30, 2013</i>	<i>Dec 31, 2013</i>	<i>Dec 31, 2013</i>

## *Grant Thornton's role in industry leadership*

From top management down, Grant Thornton is strategically committed to the government industry. We are involved in a variety of industry trade associations, including the Association of Government Accountants and the Government Finance Officers Association. Further, our professionals are involved with national associations affiliated with the accounting and auditing standards. Our partners are involved with the American Institute of Certified Public Accountants (AICPA) Government Accounting and Auditing Expert Panel and also the Government Audit Quality Center of the AICPA. In fact, we have Firm representation on the AICPA State and Local Government Expert Panel. Currently, your proposed Quality Control Review Partner (Ben Kohnle) serves as our firm's representative on this Expert Panel. Our professionals also pursue training in specific government accounting and auditing topics. This broad range of experience in the government industry means that we are familiar with the accounting challenges that entities such as the Consortium face.

Grant Thornton nurtures a culture of thought leadership and knowledge-sharing that benefits clients and our professionals. We believe that providing new information and perspective is a vital part of our role in serving our governmental clients. Grant Thornton is committed to the development and dissemination of knowledge that advances the business of government through our own research and through strong relationships with the National Association of State Auditors, Comptrollers, and Treasurers (NASACT), AGA, GFOA, GASB, FASB, and the AICPA, as well as other national and local organizations.

In addition, Grant Thornton actively participates in shaping and interpreting issues that have an impact on governmental financial reporting through our industry commitment and service to professional and standards-setting bodies.

### **American institute of certified public accountants**

#### *AICPA Governmental Audit Quality Center and Single audit roundtable*

Grant Thornton is a member of the AICPA's Governmental Audit Quality Center (GAQC). In addition, Kim McCormick, a partner from our San Jose office, just completed a four-year rotation on the Executive Committee of the GAQC where she served on multiple committees creating tools focused on enhancing audit quality and the audit experience both for auditees and auditors. Our firm has extensive resources available that will assist in further enhancing the quality of your audits. Our involvement and membership with the GAQC provides us with timely information on a variety of technical, legislative and regulatory subjects that we can, in turn, apply to your audit to help ensure compliance with the appropriate standards and changes in regulations and industry practices. In addition, Kim represents the Firm every six months at the Single Audit Roundtable (SART) in Washington, DC. The SART is a critical forum to share information between auditors and the Office of Management and Budget, OIG representatives from the Department of Education, and many other key funding agencies. It is through this forum that we have developed relationships with federal agencies that have become important resources as we serve our state and local clients.

### **State and Local Government Expert Panel**

Grant Thornton partner Ben Kohnle serves on the AICPA's State & Local Government Expert Panel, which protects the public interest by bringing together knowledgeable parties in state and local government to deliberate and come to agreement on key state and local government issues. Your engagement partner, Jack Reagan, has previously served on a special review committee that was responsible for the review of the GASB 34 Implementation Guide. He has also worked with the AICPA to review several previous additions of the AICPA State and Local Government Audit and

Accounting Guide. Additionally, Dan Barron, a partner in our Dallas office, previously served on two special review committees that were responsible for the review of the GASB Comprehensive Implementation Guide and the AICPA's State and Local Government Audit and Accounting Guide.

## **GASB Involvement**

Grant Thornton currently has an employee in the GASB Fellowship Program. Ben Kohnle is a member of the GASB Pension and Other Post-Employment Benefits Task Force.

## **B. Relevant prior governmental auditing experience**

In addition to your proposed team members' extensive service in serving other states, we serve many other federal, state and local governmental entities across the country. With this extensive listing of both local and national clients, our team has developed a great deal of experience related to large complex governmental organizations, which will be a direct benefit to you. A representative list of some of the other governmental entities we have audited in the past five years:

- Austin Community College District
- Brazos River Authority
- Central Oklahoma Transportation and Parking Authority
- City of Arlington, Texas
- City of Carrollton, Texas
- City of Columbus, Ohio
- City of Coppell, Texas
- City of Dallas, Texas
- City of Farmers Branch, Texas
- City of Fayetteville, Arkansas
- City of Irving, Texas
- City of Lewisville, Texas
- City of Mesquite, Texas
- City of Plano, Texas
- City of Phoenix, Arizona
- City of San Antonio, Texas
- Collin County Community College District
- Dallas County Community College District
- Dallas Parkland Hospital
- Delaware State University
- Douglas County Sewer Improvement District
- Harris County – Houston Sports Authority
- Houston Port Authority
- Kingsbury General Improvement District
- McGee Creek Authority
- New York State Department of Corrections (Division of Industries)
- Oklahoma City, Oklahoma
- Oklahoma City Industrial and Cultural Facilities Trust
- Oklahoma City Public Property Authority
- Oklahoma City Water Utilities Trust
- Oklahoma City Zoological Trust
- Oklahoma Industries Authority, OK County
- Oklahoma State University
- Oklahoma Student Loan Authority
- Oklahoma Turnpike Authority
- Philadelphia Authority for Industrial Development
- Public Employer Risk Management Association (New York )
- Rhode Island Resource Recovery Corporation
- Rhode Island Housing and Mortgage Finance Corporation
- South Tahoe Public Utility District
- Tahoe Douglas Fire Protection District
- Texas Tech University
- University of Massachusetts Building Authority
- University of Vermont

## Federal and state grant experience

We have extensive experience auditing federal and state grant programs. In addition to significant experience serving governmental organizations, we have significant experience with federal and state grant programs. Ensuring compliance with specific Federal regulations and OMB Circular A-133 requirements is an important objective of our audit. Our philosophy is to perform a comprehensive audit that combines the financial statement audit simultaneously with our OMB Circular A-133 audit. Each year, we audit federal grant programs totaling several billion dollars. Since 2008, Grant Thornton has been the auditor of record with the Federal Single Audit Clearinghouse for more than 1,000 OMB Circular A-133 audits of 365 entities. We will bring our depth of experience with, and knowledge of, federal and state compliance requirements to the Consortium.

### C. Three references for which Grant Thornton has performed similar work

<b>Contract Title:</b>	City of Dallas
<b>Scope of Work:</b>	Annual audit of the Comprehensive Annual Financial Report (CAFR), Single Audit (A-133), and Texas Commission on Environmental Quality Audit
<b>Period of Performance:</b>	2007 - Present
<b>Engagement Partner(s):</b>	Dan Barrón and Ben Köhne
<b>Name and telephone number of the principal client:</b>	Edward Scott, Controller 214.670.3856

<b>Contract Title:</b>	City of Phoenix
<b>Scope of Work:</b>	Annual audit of the CAFR, Single Audit (A-133), Expenditure Limitation, Highway User, and other compliance reports, City of Phoenix Employee's Retirement Plan, Aviation Fund, Civic Improvement Corporation and other stand-alone component unit audited financial statements
<b>Period of Performance:</b>	2011 - Present
<b>Engagement Partner(s):</b>	Ben Kohale
<b>Name and telephone number of the principal client:</b>	Sean Kindell, Deputy Finance Director 602.495.7058

<b>Contract Title:</b>	City of San Antonio
<b>Scope of Work:</b>	Annual audit of CAFR, and Single Audit (A-133)
<b>Period of Performance:</b>	2008-2012
<b>Engagement Partner(s):</b>	Angela Dunlap
<b>Name and telephone number of the principal client:</b>	Troy Elliot, Director of Finance 210.207.8604



## D. Staff available for the audit of the Consortium

Ultimately it's the people-on-the-ground that deliver successful results. Your Grant Thornton team will minimize disruptions to your operations, reduce stress and deliver high-quality solutions aligned with industry best practices. You can expect continuity from this team. The Consortium will know who will be working on your project and will be informed of the team's experience. You will enjoy working with this collegial, collaborative and qualified group of professionals, who are committed to meeting your needs.

We believe that chemistry is important to a productive, long-term relationship between Grant Thornton and the Consortium. One of the most important factors in selecting a firm is the people with whom you will be working. Grant Thornton client service teams are selected to match the clients we serve. Care and attention are paid to aligning technical and industry skills, experience, and personality.

Each team member was selected for their experience in providing audit services to governmental entities. Their combined experience spans many years of superior client service. They possess the composite skills needed to satisfy the critical success factors relating to your engagement. All members of the team continually receive training to improve and enhance their skills in the government sector. Personnel to be assigned to the audits meet the continuing education requirements set forth in the U.S. Government Accountability Agency's *Government Auditing Standards*.

The members of the engagement team presented below have not been the subject of any disciplinary action or inquiry in any jurisdiction in the past three years. The team below outlines the engagement partner, concurring review partner, engagement manager, and senior associate. We have also included resumes for each individual proposed on the engagement in the pages that follow.

Name	Certifications	Memberships	Qualifications
Jack Reagan	CPA, CGFM	AICPA, AGA, PBMA, NABA, VSCPA, VGFOA, VASBO, VML, MSCPA, NYGFOA, WGFOA, EACUBO, SACUBO	Financial Statement audits; OMB Circular A-133 audits; Grants compliance/monitoring; Performance audits
Ben Kohnle	CPA	AICPA, TSCPA, GFOA, GFOAT, NACUBO, SACUBO, UNTAAC,	Financial Statement audits; OMB Circular A-133 audits; Grants compliance/monitoring; Performance audits
Bhakti Patel	CPA	AICPA, AGA, TSCPA	Financial Statement audits; OMB Circular A-133 audits; Grants compliance/monitoring
Marc Kennedy	CPA	AICPA, AGA	Financial Statement audits; OMB Circular A-133 audits; Grants compliance/monitoring

## Jack Reagan, Audit Partner, Global Public Sector Role on Engagement: Lead Engagement Partner



Mr. Reagan is a Partner in the Global Public Sector with over twenty-four years of experience in the audit and evaluation of federal and state and local government financial statements, internal controls, and accounting and financial management systems and operations. He has overseen numerous projects demonstrating his extensive knowledge of federal and state and local government accounting, financial management, auditing and budget to include developing and revising operating policies and procedures for federal and state and local government agencies and designing or evaluating financial reporting internal controls, including auditing various HUD grant programs, including CDBG, as major programs on over 30 audits. In addition, he participated in the working group that designed the agreed upon procedures for HUD's Real Estate Assessment Center. Further, he worked closely with District of Columbia financial management to improve internal control over financial reporting to affect the "sunset" of the Financial Control Board appointed by the US Congress to oversee the District's financial condition, which included a significant element of assessing the operating effectiveness of internal control. Mr. Reagan has extensive experience and special expertise in state and local government financial management to include reporting, accounting, budgeting, and grants management. Mr. Reagan was a member of KPMG's Department of Professional Practice for 2 years where he was the firm's primary technical resource for state and local government accounting and auditing issues.

### Notable governmental entities Jack has served

City of Boston, MA	Lower Merion Township, PA	District of Columbia
City of Alexandria, VA	Fairfax County, VA	State of Delaware
City of Richmond, VA	Loudoun County, VA	State of New Jersey
City of Roanoke, VA	Chesterfield County, VA	State of New York
City of Newport News, VA	Roanoke County, VA	State of Massachusetts
City of Norfolk, VA	Knox County, TN	State of Texas
City of Petersburg, VA	New Castle County, DE	State of California
City of Nashville/ Metro Davidson County, TN	Montgomery County, MD	State of New Mexico

### Professional qualifications and memberships

- Certified Public Accountant
- American Institute of Certified Public Accountants
- Association of Government Accountants
- Public Broadcasting Management Association
- National Association of Black Accountants
- Virginia Society of Certified Public Accountants
- Virginia Government Finance Officers Association
- Virginia Association of School Business Officials
- Virginia Municipal League
- Maryland Society of Certified Public Accountants
- New York Government Finance Officers Association
- Wisconsin Government Finance Officers Association
- Eastern Association of College and University Business Officials
- Southern Association of College and University Business Officials

### Education

Jack received a Bachelor of Science in Business Administration from the University of Richmond.

### CPE Training

For the calendar years 2012, 2013 and 2014, Jack has a cumulative 140.0 hours of CPE credit. Of these hours, 130.0 hours directly relate to government auditing or the government environment, which satisfies the continuing education requirements of the Florida Institute of Certified Public Accountants relating to government audits.



**Ben Kohnle, Audit Partner, Global Public Sector**  
**Role on Engagement: Concurring Review Partner**

Ben is an audit partner in the Dallas office of Grant Thornton with approximately 28 years of auditing and accounting experience in performing government audits. He joined Grant Thornton in 2003 and resides in Aubrey, Texas. Ben is the Central Region Government, Not-for-Profit, and Higher Education Industry Leader and regularly provides audit and consulting services to a variety of government, not-for-profit and higher education entities. He currently serves on the firm’s Government Fiscal and Sustainability Committee, as well as the Not-for-Profit Cabinet and Leadership Councils. Prior to joining Grant Thornton, Ben held several positions, including principal, with Andersen & KPMG.

**Notable governmental entities Ben has served**

Brazos River Authority	City of Fayetteville, AR	City of Plano, TX
City of Arlington, TX	City of Irving, TX	City of Richardson, TX
City of Carrollton, TX	City of Las Cruces, NM	City of San Antonio, TX
City of Coppell, TX	City of Lewisville, TX	State of Arkansas
City of Dallas, TX	City of Mansfield, TX	State of Maryland
City of El Paso, TX	City of Mesquite, TX	State of Oklahoma
City of Farmers Branch, TX	City of Oklahoma City, OK	State of Wyoming

**Professional qualifications and memberships**

- Certified Public Accountant
- Formerly oversaw the Dallas office government, not-for-profit & higher education practice at Andersen
- Frequent participant in Annual AICPA Government and Not-for-Profit National Conferences
- American Institute of Certified Public Accountants
- Texas Society of Certified Public Accountants
- Government Finance Officers Association
- Government Finance Officers Association of Texas
- National Association of College and University Business Officers
- Southern Association of College and University Business Officers
- Former member TSCPA Not-for-Profit Conference Committee
- Frequent presenter at various AICPA, TSCPA, GFOA, GFOAT, TACCBO and Arkansas Division of Legislative Audit conferences
- Guest professor at UTD for Governance and Entrepreneurship
- University of North Texas Accounting Advisory Committee
- Former Accounting Advisory Committee member for Texas Tech, Texas A&M and Baylor Universities
- Former GASB task force member addressing accounting and financial reporting for pensions and post-employment benefits
- GFOA Special Review Committee
- Past speaker and Advisory Board member - Southwest School of Governmental Finance (Texas Tech University)

**Education**

Ben received a Bachelor of Business Administration in Accounting from Texas Tech University.

**CPE Training**

For the calendar years 2012, 2013 and 2014, Ben has a cumulative 118.5 hours of CPE credit. Of these hours, 56.0 hours directly relate to government auditing or the government environment, which satisfies the continuing education requirements of the Florida Institute of Certified Public Accountants relating to government audits.



**Bhakti Patel, Audit Senior Manager, Global Public Sector**  
**Role on Engagement: Engagement Manager**

Bhakti has twelve years combined experience in audit and assurance services for government agencies, public utilities and authorities, and nonprofit institutions. Her special expertise are the areas of financial, OMB A-133 and other compliance audits. Bhakti joined Grant Thornton in June 2014; prior to that she was a director in the Audit Practice at Macias Gini O’Connell LLP for two years and in the Public Sector Audit practice at KPMG LLP for over 9 years. Bhakti has an extensive knowledge of government and nonprofit accounting standards and federal regulations. Her experience includes audit services for several of the largest government agencies and authorities in the United States, assisting them through implementation of numerous accounting standards, complex accounting matters, new federal, state and local legislation, and IT system conversions. Many of her state and local clients have received the coveted Government Finance Officers Association Certificate of Excellence in Financial Reporting. Bhakti is licensed in California, Virginia and Texas and is pending her license in Florida.

**Notable governmental entities Bhakti has served**

City of Long Beach, CA	County of Los Angeles, CA	Anaheim Transit Network
City of Santa Monica, CA	Loudoun County, VA	Port of Los Angeles
City of Las Vegas, NV	County of Roanoke, VA	Port of Long Beach
Culver City, CA	District of Columbia	Texas Department of Public Safety
City of Rolling Hills Estates, CA	Los Angeles World Airports	Department of Justice
City of Compton, CA	Burbank-Glendale-Pasadena Airport Authority	Department of Energy
City of Vernon, CA	Palos Verdes Peninsula Transit Authority	
City of La Canada-Flintridge, CA	Los Angeles County Metropolitan Transportation Authority	

**Professional qualifications and memberships**

- Certified Public Accountant (CPA) – California, Virginia and Texas
- Member, American Institute of Certified Public Accountants (AICPA)
- Member Association of Government Accountants (AGA) Austin Chapter
- Member, Texas Society of Certified Public Accountants (TSCPA)
- Special Review Committee Member, Government Finance Officers Association

**Education**

Bhakti received a Bachelor of Arts degree in Economics from the University of Virginia and a Master of Science degree in Accounting Information Systems from Virginia Polytechnic Institute and State University.

**CPE Training**

For the calendar years 2012, 2013 and 2014, Bhakti has a cumulative 166.0 hours of CPE credit. Of these hours, 54.0 hours directly relate to government auditing or the government environment, which satisfies the continuing education requirements of the Florida Institute of Certified Public Accountants relating to government audits.

## Marc Kennedy, Senior Associate, Global Public Sector

### Role on Engagement: Engagement Senior

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Marc has over six years of experience in audit and assurance services for government agencies, nonprofit institutions and privately held companies. He specializes in financial, OMB A-133 and grants compliance audits. Marc joined Grant Thornton in February 2012; prior to that he worked with Lewis, Birch & Ricardo, LLC, a public accounting firm based in Tampa Bay, Florida. Marc is licensed in Florida and is pending his license in Texas.

#### Notable governmental entities Marc has served

Texas Department of Public Safety	Gulf Coast Jewish Family Services
Austin Community College	Directions for Mental Health
Trinity College	Suncoast Center
HPH Hospice	Catholic Diocese of St. Petersburg

#### Professional qualifications and memberships

- Certified Public Accountant

#### Education

Marc has received a Bachelor of Business Administration in Accounting from the University of South Florida and a Master's in Accountancy from the University of Florida.

#### CPE Training

For the calendar years 2012, 2013 and 2014, Marc has a cumulative 144.5 hours of CPE credit. Of these hours, 72.0 hours directly relate to government auditing or the government environment, which satisfies the continuing education requirements of the Florida Institute of Certified Public Accountants relating to government audits.

## **E. Performance specifications**

Grant Thornton agrees to meet or exceed the performance specifications outlined in Section 2 of the RFP and restated below. Rest assured, your objectives are our priority.

### *Compliance Requirements*

Grant Thornton will perform the audit of the Consortium in compliance with the requirements of all of the following:

- Sections 11.45 and 218.39, Florida Statutes
- Regulations of the Florida Department of Banking and Finance
- Rules adopted by the auditor General, relating to local government audits
- Audits of State and Local Governmental Units – American Institute of Certified Public Accountants
- General Accepted Auditing Standards and generally Accepted Accounting Principles adopted by the Board of Accountancy under Chapter 473, Florida Statutes
- Government Auditing Standard
- State of Florida Single Audit Act

### *Project Completion Date*

Grant Thornton will submit a final and complete opinion and report no later than April 15, 2015.

### *Deliverable Copies*

Grant Thornton will provide a minimum of 35 paper copies and two electronic copies on CDs of the final combined audit report, which will include the individual audits, management letters, and any reports on internal control for the Consortium, and Federal/ State Financial Assistance reports. Additional copies will be provided at no extra charge upon request of the Consortium.

### *Report Preparation*

Grant Thornton will prepare the Comptroller's Local Government Financial Report for the Consortium based on the information in the Consortium's general ledger.

### *Final Presentations*

Jack Reagan, the lead engagement partner, and Bhakti Patel, the lead engagement manager, will be available to attend an Executive Committee and a Board of Directors meeting of the Consortium, as requested, to discuss the Audit. Additionally, they will be available for any additional conference calls or in-person meetings as requested by the Consortium.

### *Final Conference*

The engagement team will conduct an exit conference with the Consortium or its designee

## F. Tentative schedule for performing the key phases of the Audit

Grant Thornton understands that timing is of the utmost importance. We understand that there are a number of stakeholders associated with the Consortium and the audit will require coordination, communication and organization. Accordingly, the proposed timeline will ensure the bulk of the testing is completed early in the process and allows time for discussions with the Consortium and associated stakeholders with regards to the results of the testing.

Phase	Timeline	Key Activities
Planning	February 16 – 20, 2015	<ul style="list-style-type: none"> <li>• Conduct entrance conference with the Consortium</li> <li>• Review fiscal year 2013 financial statements</li> <li>• Send list of audit documents requested to management</li> <li>• Agree upon timetable for audit delivery</li> </ul>
Risk Assessment	Mar 9 -11, 2015	<ul style="list-style-type: none"> <li>• Customize audit approach to focus on risks</li> <li>• Prepare audit programs</li> <li>• Determine involvement of specialists, if any</li> <li>• Assess role of IT in preparation of financial statements</li> </ul>
Testing and Evaluation of Controls	Mar 11 – 13, 2015	<ul style="list-style-type: none"> <li>• Evaluate the design and effectiveness of overall monitoring and general controls and operational controls</li> <li>• Determine whether internal controls testing is appropriate.</li> <li>• Design internal controls tests to reduce extent of substantive testing</li> </ul>
Substantive Testing	March 16 – 20, 2015	<ul style="list-style-type: none"> <li>• Determine the nature, timing and extent of substantive testing</li> <li>• Complete testwork over material accounts through tests of details or substantive analytics</li> </ul>
Concluding	March 23 – 30, 2015	<ul style="list-style-type: none"> <li>• Complete review of all workpapers*</li> <li>• Discuss findings and other matters with management<sup>ii</sup></li> <li>• Prepare the Local Comptroller's Government Financial Report, audit opinions, and management letter</li> <li>• Provide management with management representation letter</li> <li>• Conduct exit conference with the Consortium of its designee</li> </ul>
Reporting	April 1 - 30, 2015	<ul style="list-style-type: none"> <li>• Provide draft report and findings to management</li> <li>• Provide final report to management (by April 15, 2015)</li> <li>• Present final audit results to Executive Committee and Board of Directors</li> </ul>

\*Will be completed concurrently with substantive testing

## G. Copy of the firm's latest Peer Review Report

The last few years have been ones of significant turmoil in the world of public accounting. Increased scrutiny has been placed on both public accounting firms and company governance. We are proud to say that during our most recent peer review for the year ended May 31, 2011, Grant Thornton received an unqualified opinion from the peer reviewer, BKD, LLP, and that our Firm met the objectives of the quality control standards of the accounting profession. Our Firm has consistently received an "unqualified opinion" from our peer review. The peer review performed by BKD included reviews of engagements performed under Government Auditing Standards and audits of employee benefit plans. The following were issued as a result of that inspection and are presented on the following pages:

- Peer Review Report
- AICPA Peer Review Acceptance Letter

## Peer Review Report



1700 S. Tower Street, Suite 200  
Ft. Worth, TX 76104  
Springfield, MO 65801-1190  
417.265.0200 Fax 417.265.0500 www.bkd.com

### System Review Report

To the Partners of  
Grant Thornton LLP  
and the National Peer Review Committee  
of the American Institute of Certified  
Public Accountants Peer Review Board

We have reviewed the system of quality control for the accounting and auditing practice of Grant Thornton LLP (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2011. 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. 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/summary](http://www.aicpa.org/summary).

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 audits of carrying broker-dealers.

In our opinion, the system of quality control for the accounting and auditing practice of Grant Thornton LLP applicable to non-SEC issuers in effect for the year ended May 31, 2011, 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(ies)* or *fail*. Grant Thornton LLP has received a peer review rating of *pass*.

**BKD, LLP**

November 30, 2011

experience **BKD**





*AICPA Peer Review Acceptance Letter*



**AICPA Peer Review Program**  
Administered by the  
National Peer Review Committee

December 9, 2011

Stephen Mark Chipman, CPA  
Grant Thornton LLP  
175 W Jackson Blvd Fl 20  
Chicago, IL 60604

Dear Mr. Chipman:

It is my pleasure to notify you that on December 8, 2011 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is November 30, 2014. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Betty Jo Charles  
Chair—NPRC  
nprc@aicpa.org 919 402-4502

cc: Andrew Lear, CPA

Firm Number: 10026656 Review Number: 322811

American Institute of Certified Public Accountants  
220 Laigh Farm Road, Durham, NC 27707 • (919) 402-4500 • fax (919) 402-4506 • www.aicpa.org  
*100 Certified*

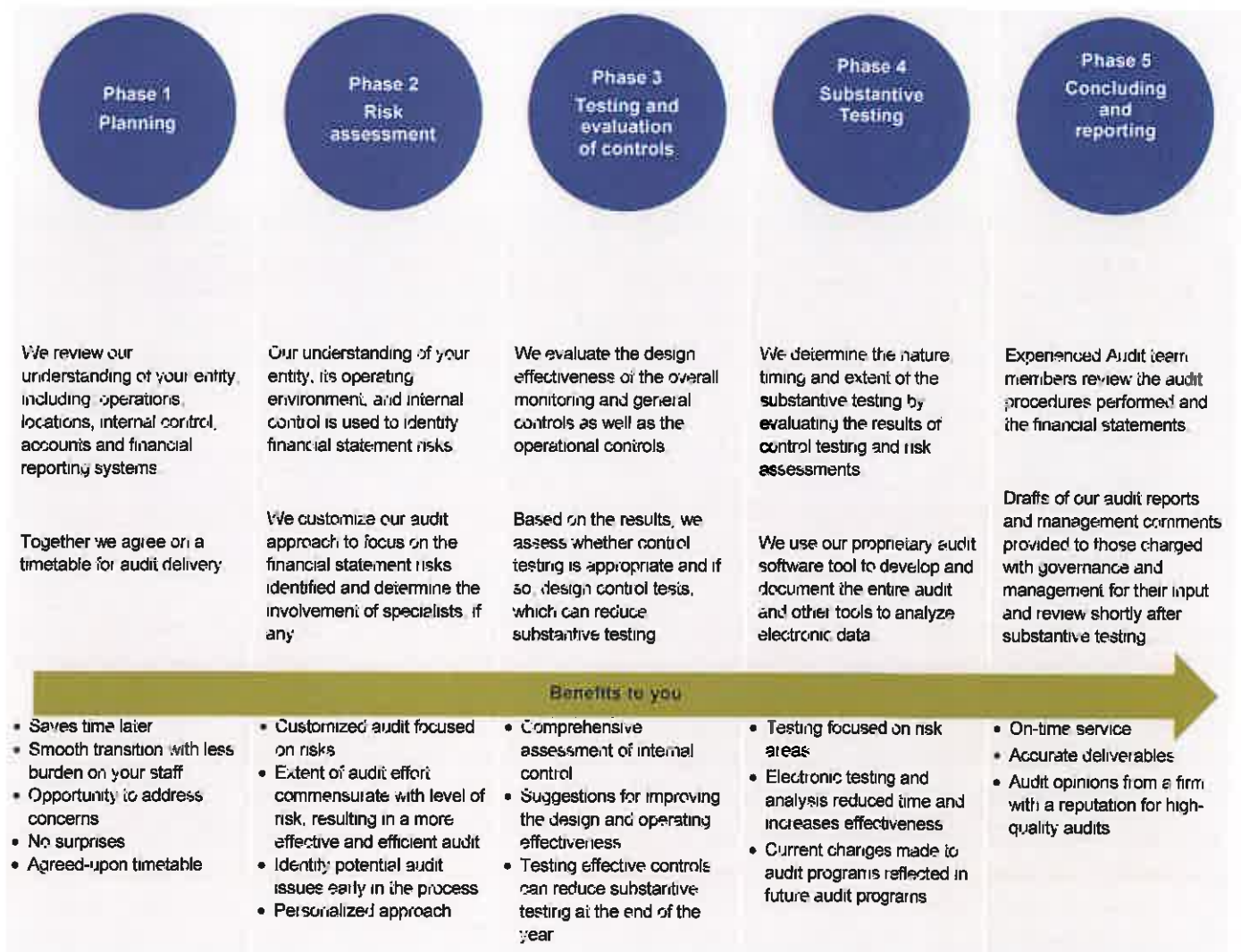
100 Certified

## H. Detailed Information on Grant Thornton's proposed audit procedures to be followed and anticipated audit approach

Our approach to serving the Consortium is grounded in our client service philosophy—to provide the best audit possible while delivering maximum value. To maximize the effectiveness of our audit, we must truly understand your business, and the industry in which you operate including the systems, procedures, internal controls, and finally, the people. During our integrated approach we will become familiar with the Consortium's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

The principle features of our audit approach are outlined in five distinct steps (shown below). They have been designed to achieve our audit objectives in an efficient manner and provide an informed basis for offering constructive business advice to our clients.

### Five-step audit process



## *Financial statement audit phases*

### **Phase 1 | planning**

Proper planning is critical to a well-coordinated audit engagement. While other firms often downplay the importance of planning or delegate this work to junior staff, we at Grant Thornton understand the benefits of comprehensive planning. As such, we anticipate that all key members of the Grant Thornton engagement team, as well as key members of the Consortium's management team, will be actively engaged in the planning process. We anticipate scheduling a comprehensive planning meeting with the Consortium personnel to discuss recent developments, accounting/audit issues, timing of fieldwork and deliverables, and any other significant operational, logistical, regulatory and financial reporting matters impacting the audit.

During this meeting we will gain a deeper understanding of your information systems and business processes; define specific business, operational, and financial reporting risks and concerns; refine the timeline and planned procedures to ensure that key objectives are met and addressed; and finalize the most appropriate resources that will participate in the engagement.

The outcomes of our planning meetings will form the basis of our audit strategy, the purpose of which will be to set the direction of our risk assessments, identify related internal control compliance testing, and determine the nature and extent of substantive audit procedures. During the planning phase, we will also analyze preliminary financial data, fluctuations, significant non-recurring items, and account relationships that may require further investigation. Through this extensive planning process, we will provide your accounting team with a detailed listing of schedules and other necessary documentation that we will need to conduct our audits.

### **Phase 2 | risk assessment**

Our risk-based audit approach is comprehensive and begins with a risk assessment that identifies the key risks you face and develops a highly integrated audit approach to address these risks.

We meet with management to begin the process of identifying key risks and developing a thorough understanding of the Consortium's operations. The engagement team, in conjunction with management, the Executive Committee and the Board of Directors, will identify the specific risks within the Consortium.

The framework provides a "top-down" focus to identify the sources of significant information and information processing risks related to the following:

- Accounting/finance/budgeting
- Cash management
- Information technology systems
- Payroll
- Procurement

During our risk assessment process we will also review important documents such as minutes, debt agreements and other significant or important contracts/agreements. We will gain an understanding of the key strategies and initiatives underway at the Consortium, and the metrics employed to report outcomes. Once we have documented our risk assessment, we will ask to meet with the Board of Directors to refine and validate our risk assessment.

### **Phase 3 | testing and evaluation of controls**

Depending on management's reliance on information systems and the volume of transactions processed each day, we will consider the role information systems play in processing transactions and producing the information needed to manage the Consortium. If deemed necessary, we will review the Consortium's information systems, which will consist of a general controls review, encompassing areas such as organization and operations, protection of physical assets, application systems development and maintenance, access controls and computer operations. Alternative, we may review the Consortium's manual internal controls, which will consist of reviewing entity level controls and transaction based manual controls in place at the Consortium. Upon completion of our controls documentation and review, we will finalize our risk assessment, communicate any findings to management, and determine the nature and extent of substantive audit procedures, including the volume and scope of transactions to be sampled.

### **Phase 4 | substantive testing**

As mentioned previously, we will use a risk-based audit approach. This approach allows us to focus audit efforts on those financial statement assertions that have the potential for the greatest risk of material misstatement. Based upon our experience and understanding of significant audit areas, we expect to perform a combination of substantive tests of details and analytical procedures, such as the following:

- Vouching to supporting documentation
- Reasonableness tests for areas such as management's estimates
- Ratio analysis
- Benchmarking
- Confirmations
- Sampling
- Examination of high value and/or unusual items
- Cut-off tests

### **Phase 5 | Concluding and reporting**

As part of our overall service delivery strategy, we are committed to ensuring significant partner and manager involvement throughout the audit process. Our partners and senior managers will be on site during the audit process and during the first-time through and wrap-up phases of our engagement. This approach will help to ensure that our staff remains focused, issues are identified and resolved quickly, delivery schedules are adhered to, and there are no last minute surprises.

The reporting phase will consist of preparing the Comptroller's Local Government Financial Report based on the information in the Consortium's general ledger and issuing our Independent Certified Public Accountants Reports on the Consortium's financial statements. During this phase we will also prepare and issue a presentation to the Executive Committee and Board of Directors containing our observations, comments and recommendations on matters affecting internal controls and/or other operating efficiencies, which will be included in a management letter.

The report processing phase of an engagement is considered vital to our operations. Our primary concerns are that appropriate control is maintained over the quality of work performed and that our systems and procedures are efficient and result in meeting deadlines.

Prior to issuing the financial statements, the senior managers and the partners review a draft of the reports to ascertain that inconsistencies and unwarranted repetitions have been eliminated. In addition, all amounts in the report are checked to the source work papers by a second person. And, a second person checks the footings of all statements and schedules included in the report. Regardless of the method of report preparation, any corrections made to the report draft should be rechecked to determine that any errors noted have been corrected. The lead partner is required to indicate that he or she has reviewed the report letter and financial statements or other report and is satisfied that the engagement team has met firm and professional standards for the engagement.

Perhaps the most difficult part of any audit relationship is the identification, vetting and reporting of findings identified during the audit. We believe that it is critical that the auditor and the auditee agree well in advance to a process by which all findings will be vetted. What follows is a process which we have successfully implemented on numerous clients to ensure that all findings are appropriately reviewed PRIOR to the issuance of a draft report:

- Management identifies an audit liaison to receive draft copies of all potential audit findings.
- Audit team designates either a manager or a partner to review all potential audit findings and to sign off on the findings prior to providing to the audit liaison.
- The audit team provides a draft copy of the audit finding, along with any supporting documentation on how the audit team concluded that the issue was a finding, to the audit liaison.
- The audit liaison meets with relevant personnel to vet the factual accuracy of the finding.
- The audit liaison and the audit manager and partner meet to conclude on the accuracy of the finding. Please note that, in many instances, there could be a disagreement as to the cause of the finding or to the recommended corrective action. That is acceptable; however, there must be agreement as to the actual facts underlying the finding.
- Once agreement is obtained between the audit liaison and the audit team, the finding is presented in the draft report.

Because our audit reports become a matter of public record, we believe it is imperative that the auditor and the auditee ensure that the findings have been appropriately reviewed and approved by all appropriate levels of the audit team and client management.

### **Value Added Services**

A Grant Thornton audit is much more than an exercise in compliance. A quality audit not only reduces the risk of non-compliance, but it also identifies opportunities for organizational improvement and ways to reduce costs. You will receive on-going and proactive communications throughout the year to discuss emerging business trends and industry issues. Moreover, your engagement team will discuss the impact of new rules and regulations affecting the Consortium and share best practices and value-added recommendations in addressing these matters. Audit teams will also draw upon the collective knowledge of professionals from Grant Thornton International member firms as well as domestic specialists in accounting, auditing, information technology, valuation and taxation.

Our audit will include data analysis services that provide exceptional management tools and reports that will be provided to you for your use at **no incremental fees**. This analysis looks at disbursement, payroll, and human resource information, allowing us to analyze 100% of the data provided and give you informational tools and reports to help you manage and sort through these detailed transactions. Results of this analysis have identified items such as bid splitting and nepotism, but also opportunities to improve efficiencies in the disbursement process.

This is a significant differentiator between us and other firms. We are able to provide you with these value-added services at no additional costs to you. This analysis can help the Consortium with operations, efficiency and identifying risk areas to investigate.

## **I. Statements on Public Entity Crimes**

Grant Thornton LLP has not been placed on the convicted vendor list and is in full compliance with the following Public Entity Crime Statement, in accordance with section 287.133(2)(a), Florida Statutes:

“A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity in excess of the threshold amount provided in section 287.017, for Category Two, for a period of 36 months from the date of being placed on the convicted vendor list.”

## **J. Details of pending litigation against Grant Thornton or any members of the personnel in Grant Thornton’s capacity as members, associates or employees of Grant Thornton**

In the normal course of Grant Thornton LLP’s business as a national accounting firm, Grant Thornton LLP may be made a party to litigation alleging various common law and statutory violations. While Grant Thornton LLP expects to resolve all pending matters without any material detrimental impact to the firm, like most accounting firms of any size, Grant Thornton LLP does not disclose or discuss its litigation. Litigation is generally disposed of in the normal course of business and under any applicable professional indemnity insurance policy.

## **K. Disclose any past, current, or pending disciplinary action against Grant Thornton or any Grant Thornton personnel by the Florida State Board of Accountancy or any other agency**

In the normal course of Grant Thornton LLP’s business as a national accounting firm, Grant Thornton LLP and its clients may be contacted by state regulatory agencies or professional organizations with respect to either informal inquiries or formal investigations. These agencies typically do not reveal which parties are witnesses, and which are targets. As with litigation, Grant Thornton LLP does not disclose or discuss its contact with state regulatory entities or professional bodies and such issues are generally disposed of in the normal course of business. Grant Thornton LLP has not been disciplined by the PCAOB or the SEC within the last five years.

## **L. Schedule of fees/ hourly rates for personnel to be assigned to this audit and anticipated hours for each member of such personnel to be devoted to this Audit**

We have provided audit services to not only large, complex government but also to smaller governments in the past three years. Below is a list of a few of these clients and the corresponding fee structure and actual charges related to the financial statement audit of each city. The fees below represent audits of each city’s Comprehensive Annual Financial Report.

Client	Fee Structure	Actual Charges
City of Farmer's Branch	Firm fixed fee	\$65,200
City of Coppell	Firm fixed fee	\$64,800
City of Carrollton	Firm fixed fee	\$97,500

Our fees for the services set forth in this RFP will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$2,500 for the audit of the fiscal year ended September 30, 2014.

The not-to-exceed fees for the audit of the Consortium financial statements are not only scaled to consider the scope of the Consortium's audit but provide a discount to the Consortium in hope of Grant Thornton becoming a trusted advisor to the Consortium and Florida's twenty-three Gulf Coast Counties.

Of course, circumstances may arise for which the Consortium may require additional services. We are well versed in every aspect of an entity's audit, including audits in accordance with OMB Circular A-133 (Single Audits)/ OMB Uniform Guidance: Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; grants management; operational audits; and performance audits, to name a few. We are confident we can assist the Consortium with any additional requirements if the need arises. We will gladly discuss the scope of any additional services with management, the Executive Committee and the Board of Directors and provide the Consortium with an estimated schedule of hours it will require to complete additional tasks. Grant Thornton will provide these services at our discounted rates as presented below.

Level	Hourly Rate
Partner	\$240
Senior Manager	\$180
Manager	\$160
Senior Associate	\$125
Associate	\$90

**M. Acknowledgement of receipt of any addenda issued**

Grant Thornton has received all addenda as issued by this RFP.

