Helping You Shine by Illuminating Solutions



PROPOSAL FOR

Gulf Consortium Offices of Florida Association of Counties, Inc. Request For Proposal for Audit Services For Year Ended 2013-14

November 3, 2014

PROPOSER

Carr, Riggs & Ingram, LLC 1713 Mahan Drive Tallahassee, Florida 32308 (850) 878-8777

CRIcpa.com | blog.cricpa.com

SUBMITTED BY

L. Thomas Cox. Ir., CPA, CFE, CGFM, CGMA Engagement Partner TCox@cricoa.com

Michael T. Whitney, CPA Concurring Partner MWhitney@cricpa.com TAB A - Cover Letter



Virginia Delegal Interim Manager, Gulf Consortium Florida Association of Counties

Dear Ms. Delegal:

Carr, Riggs & Ingram, LLC (CRI) appreciates the opportunity to propose on providing auditing services for Gulf Consortium ("the Consortium"). We are genuinely excited about the prospect of serving you and establishing a long-term relationship. We pride ourselves on getting to know our clients and illuminating solutions by providing innovative IDEAS to move them from compliance to providing them a competitive advantage.

nvestment in You. We believe in developing long-term, mutually beneficial relationships and quickly demonstrating value with a fee structure and service solutions that provide immediate and continued savings. Our investment starts on "Day 1" as your assigned team begins with our proven, streamlined process that minimizes your time and disruption during the service provider change and continues throughout the relationship.

edicated Team. CRI's team consists of more than 1,200 professionals, which allows us to tailor your service team by aligning their industry, service, and specialty skills with your needs. Our dedicated teams deliver the highest level of business acumen and knowledge to your organization; our commitment to consistent staffing allows you to maximize savings and remain focused on your needs.

quilibrium. CRI delivers big firm expertise with small firm service. Of approximately 45,000 public accounting firms in the United States, CRI currently ranks among the top 25. Additionally, as a part of PrimeGlobal, we have access to international resources as — and when — needed. Leveraging these resources while maintaining local decision-making authority means that simplified solutions are only a phone call away. And we believe that's the best of both worlds for our clients.

ctive Partner Participation. Collectively, our partners deliver expertise derived from more than 4,200 years of business experience. With this level of talent, we thoughtfully choose a partner that aligns with your business' needs and industry. Our hands-on, working partners "show up" to convey our genuine commitment to your success. They strive to earn trusted advisor roles by digging in, proactively learning your business, and producing long-term value for you.

implified Solutions. Having partners with approximately 200 cumulative partner certifications and designations is an impressive statistic, but we measure our success by our ability to translate complex concepts into easily understandable solutions for our clients. While accounting is the language of business, we're here to decipher the jargon and help you make educated decisions.

We welcome the opportunity to demonstrate to you the same teamwork, expertise, and responsiveness that have made us one of the fastest growing public accounting firms in the United States over the past ten years. We will meet or exceed the performance specifications described in Section 2 of the Request for Proposal. Please contact me with any questions. Again, we appreciate your consideration.

L. Thomas Cox, Jr., Engagement Partner

TCox@cricpa.com 850.878.8777

Sincerely.

TAB B - Description and History of the Audit Firm

DESCRIPTION AND HISTORY OF THE AUDIT FIRM

With roots going back to 1972, Carr, Riggs & Ingram, LLC was established in 1997. CRI is a regional certified public accounting and consulting firm with over 1,200 professionals in 41 offices throughout Florida, Alabama, Georgia, Mississippi, Louisiana, Tennessee, Texas, North Carolina and Kentucky. CRI provides a wide variety of high-quality, cost effective accounting, assurance, tax and consulting services to individuals, business (both publicly and privately held), governmental entities, and non-profit organizations throughout the United States.

CRI is a full service firm, providing services primarily in four areas: Auditing, Tax Planning and Compliance, Management Advisory Services, and General Accounting. CRI is the 22nd largest accounting firm in the U.S. with total revenues exceeding \$100 million. Auditing is a primary function of our Firm, and it is our goal that our audits be meaningful and serve as tools to use in improving operations.

CRI's strength is our people. More than 1,200 accounting professionals, their expertise, and knowledge of industry trends and standards are backing the local staff members throughout CRI that are servicing you and your accounting needs. Our national strength is derived from our technical expertise that solidifies our standing as the South's premier accounting and auditing firm. Performing quality accounting, auditing, consulting, and tax services has always been — and continues to be — the number one objective of our CPA firm — CRI. Our peer reviews and PCAOB inspection results both reflect this commitment to quality.

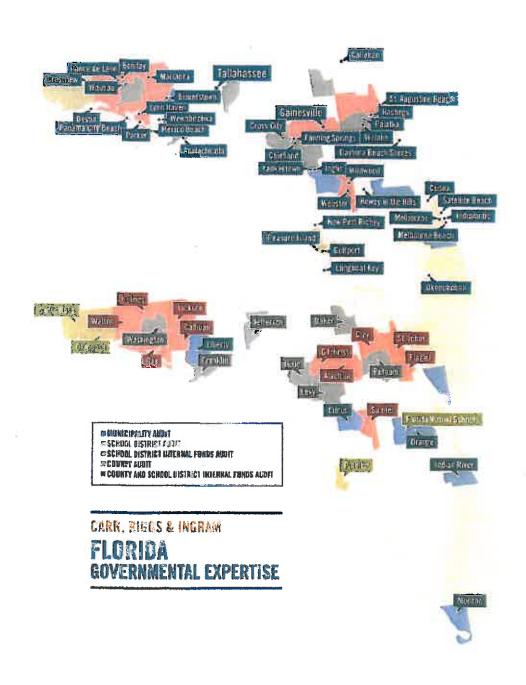
Carr, Riggs & Ingram, LLC has an excellent reputation as a result of the reviews of our publicly filed reports of local governments by the Auditor General. Our reports of many local governments have been the subject of both field and desk reviews by cognizant agencies with excellent results. Carr, Riggs & Ingram, LLC has never been the subject of any disciplinary action nor are any actions pending with any state regulatory body or professional organization against the firm or any of our personnel.

TAB C - Relevant Prior Governmental Auditing Experience



Audit 450+ governmental entities stats annual revenues totaling CPA combined you ramental partner expertise CGFM CITP Municipality \$550 CFE CMA Perform Single Audits for approximately CISA CGEIT governmental clients CTGA

CFF





<u>For over 40 years</u>, CRI (and its predecessor firm Williams Cox Weidner and Cox) has performed governmental audits in Florida. One clear measure of the qualifications of a firm is their direct client experience. With 14 offices and approximately 400 professionals in the State of Florida, CRI has the capacity and experience to successfully deliver the services requested by the Consortium. A few projects performed by the Tallahassee office of CRI are as follows:

- CRI currently performs financial monitoring services for Florida's Office of Early Learning (OEL) of over 30 Early Learning Coalitions (ELCs) throughout the State of Florida. Consisting of approximately 20 members, the CRI Team effectively and efficiently performs on-site financial monitoring procedures at the Early Learning Coalitions to assist OEL in carrying out its monitoring responsibilities under the terms of the grants which fund OEL and the ELCs. The CRI Team has successfully performed this engagement for the past two years, and OEL has just renewed its contract with CRI for up to 4 more years of monitoring services.
- CRI currently performs financial examinations of insurance companies in Florida for
 Florida Office of Insurance Regulations (OIR). These examinations assist OIR in
 monitoring the financial condition of property and casualty, title insurers, and selfinsurance funds by conducting financial examinations and ongoing financial analysis.
 CRI works closely with OIR to verify that the companies are financially sound and in
 compliance with state regulations.
- CRI performs forensic accounting examinations for Florida Department of Financial Services. These examinations of insurance companies in liquidation seek to explain the reasons that such companies have failed. The engagements are large, complex, and require significant analysis and verification procedures. CRI may also provide expert testimony services in connection with these engagements.
- CRI performs annual audit services for Florida Prepaid College Board. This client
 manages over \$13 billion in assets, and is a component unit of the State of Florida
 for financial reporting. The audit is performed in accordance with Government
 Auditing Standards. The Prepaid College Board is the medium through which college
 education costs can be paid in advance, created by State legislation.
- CRI has served as a consultant for the Florida Senate Select Committee on Florida's Economy. In this role, CRI provides accountancy and financial consultant services concerning the BP oil spill in the Gulf of Mexico and legislative action to address the effects of the spill or similar spills. CRI assists the Committee in evaluating the economic impact of the BP oil spill so that the Committee may recommend legislative action to address its consequences.



Experience

The CRI Team has extensive experience in governmental auditing. Our combined team currently performs over 200 audits under *Government Auditing Standards* including Counties, Municipalities, Community Development Districts, School Districts, Utility Districts, Fire Districts and Nonprofit Organizations.

Deep Experience with Governmental Engagements

The lists that follow show a representative sample of the governmental entities for which the **Tallahassee CRI Team** has provided auditing services and financial monitoring:

Florida State Agencies and Departments				
		Served		

1 year
4 years
6 years
2 years
_
12 years
7 years

Major Municipalities Years Served

	Jeived
City of Tallahassee	6 years
City of Marianna	34 years
Jackson County, Washington County and Calhoun	35 years
County	
Jefferson County	5 years
City of Wewahitchka	30 years
City of Blountstown	26 years
City of Pensacola	2 years
Eastpoint Water and Sewer District	22 years
Leon County District Schools	2 years
Bay County	21 years

Experience with Large Private Sector Unit

CRI works with a number of large private sector companies, including AFLAC, <u>www.aflac.com</u>, a Fortune 500 company providing insurance and employee benefits to 50 million people worldwide; **AutoNation**, <u>www.automnation.com</u>, the largest U.S. retailer of new cars, trucks, and SUVs' and **United Security Bank Corp.**, <u>www.unitedsecuritybank.com</u>, a publicly traded banking institution included in the Russell 2000 index since 2006.

TAB D - References

REFERENCES

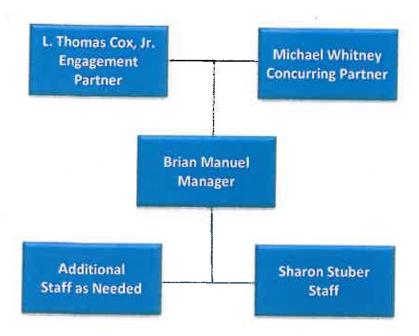
RELATIONSHIP	TIMELINE	SERVICE DESCRIPTION	RELEVANT POINTS TO CONSIDER
Ounce of Prevention Fund of Florida, Inc. Doug Sessions President 850.921.4494	1992 – Present	Audit and Tax	 Receives approximately \$25 million from the State of Florida Disburses approximately \$19 million to subrecipients Federal and State Single Audit Exempt under 501(c)(3) Allocation of indirect costs to grants
Children's Forum, Inc. Phyllis Kalifeh President 850.681.7002	1995 – Present	Audit and Tax	 Receives approximately \$8 million from various state agencies Federal and State Single Audit Allocation of indirect costs to grants Exempt under 501(c)(3) L. Thomas Cox is the engagement partner
Florida Prepaid College Board and Foundation Amy Crumpler Finance Director 850.488.8514	2007 – Present	Audit	 Total assets of over \$14 billion Component unit of State of Florida High profile with public board meetings Extensive governmental reporting

TAB E - Audit Staff

AUDIT STAFF

We have assembled a team of professionals who will ensure the highest level of personal dedication and professional excellence to you. Our team delivers exceptional services through a balanced blend of skills (service-driven, industry-specific, technical, and business) and experience that we know are important to you.

Brief profiles of each member of the team identified below follow on subsequent pages.



Carr, Riggs & Ingram has selected your engagement team based on their availability to serve the Consortium, and their experience with similar engagements. Our engagement team will schedule a planning meeting with the Consortium as soon as we are engaged. We will discuss the specifics related to the underlying RFP, the most important factors, considerations and concerns to the Consortium, and the timing and deadlines.

L. Thomas Cox, Jr. will be the engagement partner. He will coordinate the engagement plan, oversee the work product, and review all deliverables. Michael Whitney will be the concurring partner and provide technical expertise and secondary review of the deliverables prior to issuance. Brian Manuel is the audit manager and will be the point of contact. He and his team will perform the audit services requested and conduct the engagement plan.

Resumes for the professionals included in this proposal follow.

AUDIT STAFF





L. Thomas Cox, Jr., CPA, CFE, CGFM, CGMA Engagement Partner

(850) 878-8777 phone

TCox@cricpa.com

Representative Clients

- Calhoun County
- Jackson County
- Jefferson County
- Children's Forum, Inc.
- City of Tallahassee
- Florida Association of Centers for Independent Living
- Florida Association of Community Health Centers
- Florida Democratic Party
- Florida Dental Association
- Florida Network for Youth and Family Services
- Florida Sheriffs Association
- Florida Telecommunications Relay, Inc.
- FSU School
- Ounce of Prevention Fund of Florida, Inc.
- The Florida Bar
- The School of Arts and Sciences Foundation

Experience

L. Thomas Cox has over 40 years of experience in governmental, not-for-profit, public and private accounting and auditing. Audit and review partner on audits of counties, municipalities and not-for-profit recipients of federal and state funds. He has provided services for state and federal funded programs such as Medicaid and State Children's Health Insurance Program ("CHIP"). He is a technical reviewer for the GFOA Certificate of Achievement program. Mr. Cox is CRI's Partner representative to the AICPA's Government Audit Quality Center.

Education, Licenses & Certifications

- BS, Accounting, Florida State University
- Certified Public Accountant Florida
- Certified Fraud Examiner
- Certified Government Finance Manager
- Chartered Global Management Accountant
- Board member Taliahassee Chapter Association of Certified Fraud Examiners
- Member FICPA Peer Review Committee

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Government Finance Officers Association (GFOA)
- Association of Certified Fraud Examiners

Firm Responsibilities

- Member of CRI's A&A Quality Control Committee
- Partner in Audit Department
- Independent reviewer of all attest engagements within office
- Meets State and Governmental Auditing Standards continuing professional education requirements



DBPR - COX, LUTHER THOMAS JR. Certified Public Accountant

Page I of I

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Licensee Details
Licensee Information

Name:

COX, LUTHER THOMAS JR (Primary Name)

(DBA Name)

Main Address:

2519 CHAMBERLIN DRIVE TALLAHASSEE Florida 32308

County:

LEON

License Mailing:

LicenseLocation:

2519 CHAMBERLIN DRIVE

TALLAHASSEE FL 32312-3413

County:

LEON

License Information

License Type:

Certified Public Accountant

Rank:

CPA

License Number:

AC0003223 Current, Active

Status: Licensure Date:

04/07/1972

Expires:

12/31/2016

Special Qualifications

Qualification Effective

View Related License Information View License Complaint

1940 Morth Monroe Storet, Tallahassee Fl. 32399 Emiell: Customer Contact Center: Contact Center: 850.487.1395

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Under Florida law, remail addresses are public records. If you do not want your similit address released in response to a public-records request, do not send electronic multito this entity. Instead, contact the office by phone or by traditional mult. If you have any questions, pieces contact \$50,404.1365. "Pursuant to Section 455.275(1), Florida Statutes, effective October 1, 2012, literasses literassis under Chapter 455, F.S. must provide the Department with an email address if they being one. The email: growded may be used for office's communication with the literasses. However count of during the provide of multi-make the provide of the pro

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Michael Whitney, CPA Concurring Partner

(850) 878-8777 phone

MWhitney@cricpa.com

Representative Clients

- Florida Education Investment Trust Fund
- FSU Real Estate Foundation
- The Claude Pepper Foundation
- FSU College of Business,
 Student Investment Fund
- Florida Department of Financial Services – Forensic Accounting Engagements
- Citizen's Property Insurance
- Florida Prepaid College Board
- Holy Comforter Episcopal School
- FSU Alumni Association
- City of Tallahassee (HUD and Single Audit)
- Department of Corrections

Experience

With 30 years of experience in public accounting with concentrations in governmental and nonprofit accounting and auditing. Michael is the former managing partner of Carnevale Niles Whitney & Davis, P.C., a public accounting firm in western New York State and current managing partner of the Tallahassee Office of CRI.

Over 25 years employed with Carr, Riggs & Ingram, LLC and predecessor firm Carnevale Niles Whitney & Davis, P.C. Michael served as the lead partner on the Single Audit area for the audit of the City of Tallahassee. Michael is also the lead partner on the statewide contract with Florida's Office of Early Learning to fiscally monitor the Early Learning Coalitions within the State of Florida. Michael is in charge of the local Tallahassee Nonprofit Professionals Group.

Education, Licenses & Certifications

- B.S., Accounting, Elmira College, Elmira, New York
- Certified Public Accountant Florida and New York
- AICPA Certificate of Educational Achievement in Governmental Accounting and Auditing Professional Affiliations

Professional Affiliations

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Organization of Governmental Accountants (AGA)
- Meets state and Government Auditing Standards continuing professional education requirements.



DBPR - WHITNEY, MICHAEL T, Certified Public Accountant

Page 1 of 1

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Licensee Details

Licensee Information

Name:

WHITNEY, MICHAEL T (Primary Name)

(DBA Name)

Main Address:

350 RUGER COURT

TALLAHASSEE Florida 32312

County:

LEÓN

License Mailing:

LicenseLocation:

License Information

License Type:

Certified Public Accountant

Rank:

CPA

License Number:

AC39808

Status:

Current, Active

Licensure Date:

10/09/2007

Expires:

12/31/2016

Special Qualifications

Qualification Effective

View Related License Information View License Complaint

1940 North Monthe Street, Tallahasasee Ft. 32399 Envill Customer Contact Center in Costanto Contact Center in 50 457,1365

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AUDIT STAFF





Brian Manuel, CPA, CFE Manager

(850) 878-8777 phone

BManuel@cricpa.com

Representative Clients

- City of Tallahassee
- FDOT overhead rate audits
- Florida Assisted Living Association
- Florida Association of DUI Programs
- Florida Prepaid College Board
- Florida TaxWatch
 Research Institute
- Friends of the Museums of Florida History
- Four Oaks Community Church
- FSU Alumni Association
- FSU Real Estate
 Foundation
- Governors Club
- The Florida Bar

Experience

Brian has six years of experience in accounting and auditing. He has worked on numerous engagements for construction contractors and engineering firms with federal and state reporting requirements including FAR Overhead Audits. Brian has also accumulated experience through his career in compliance monitoring and auditing under OMB Circular A-133, the North Carolina statutes over single audits, and the Florida Single Audit Act. Brian is active in the Boy Scouts of America and the FICPA's Network of Young Professionals.

Brian was the lead auditor on the City of Tallahassee. Brian assisted with the compliance testing of HUD projects on the audit of Jefferson County. Brian also performs numerous overhead audits for professional organizations licensed to do work for the Florida Department of Transportation. These engagements require compliance testwork in accordance with Federal Acquisition Regulations and OMB Cost Circulars.

Education, Licenses & Certifications

- BSBA, Accounting, Appalachian State University, NC
- MS, Accounting, Appalachian State University, NC
- Certified Public Accountant Florida and North Carolina
- Certified Fraud Examiner

Memberships

- American Institute of Certified Public Accountants (AICPA)
- North Carolina Organization of Certified Public Accountants (NCACPA)
- Meets state and Government Auditing Standards continuing professional education requirements.

Firm Responsibilities

- CRI representative at Domi Ventures, local business incubator
- Recruiter at Seminole Futures
- Mentor for junior accountants within office



DBPR: MANUEL, BRIAN WARD, Certified Public Accountant

Page 1 of 1

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Licensee Details

Licensee Information

Name:

MANUEL, BRIAN WARD (Primary Name)

(DEA Name)

Main Address:

461 EL DESTINO RD

MONTICELLO Florida 32344

County:

JEFFERSON

License Mailing:

LicenseLocation:

License Information

License Type:

Certified Public Accountant

Rank:

License Number:

AC45982 **Current, Active**

Status:

05/15/2013

Licensure Date:

Expires:

12/31/2015

Special Qualifications

Qualification Effective

View Related License Information View License Complaint

1940 North Manroe Street, Tallahassee Ft. 32399 : Emul: Customer Contact Conter; ... Customer Contect Contect 856 397, 1795

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Sharon Stuber, CPA Senior

(850) 878-8777 phone

SStuber@cricpa.com

Representative Clients

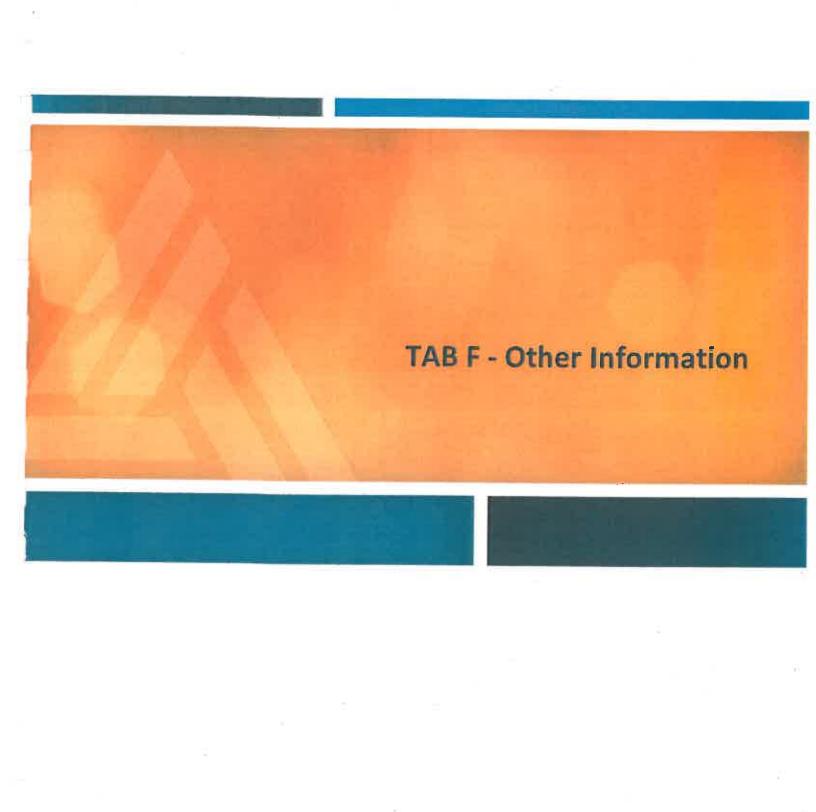
- Florida Department of Education – Office of Early Learning – fiscal monitoring
- City of Tallahassee
- Lake County School District
- Florida Association of Community Health Centers
- Workforce for Adult
 Vocational Enrichment
- Florida Hospital Association
- The Florida Bar Tallahassee Board of REALTORS
- School of Arts and Sciences
- Citizens Property Insurance

Experience

Sharon is a member of the audit department. During her career she has served as staff and senior on audit engagements for a wide variety of governmental and nonprofit organization clients. Sharon serves as a team leader as it relates to the fiscal monitoring engagement for the Florida Department of Education — Office of Early Learning. Sharon is active within the firm's insurance industry line. Sharon participates in the firm's recruitment of young professionals at Florida State University.

Education, Licenses & Certifications

- BS, International Business Florida State University
- Master's in Accounting Florida State University
- Meets state and Government Auditing Standards continuing professional education requirements.



OTHER INFORMATION PERFORMANCE SPECIFICATIONS



AUDIT METHODOLOGY

Our audit, tax, consulting, and client accounting services documentation is maintained electronically. Compliance with our methodology is regularly reviewed and evaluated as part of our internal quality program, which is further discussed in this section under INTERNAL QUALITY CONTROL REVIEWS AND EXTERNAL REVIEWS. Comprehensive policies and procedures governing all of our practices and addressing professional and regulatory standards and implementation issues are constantly updated for new professional developments and emerging issues.

ENGAGEMENT QUALITY REVIEW PARTNER (CONCURRING PARTNER)

Each audit has an assigned engagement quality review (EQR) partner with the appropriate experience. This role is one of the most important elements of our quality assurance process, as it provides for a timely, independent review of all key accounting and auditing issues. The EQR partner also reviews the financial statements and related supporting documentation—including the disclosures—to evaluate their fair presentation under accounting principles generally accepted in the United States of America (GAAP).

INTERNAL QUALITY CONTROL REVIEWS AND EXTERNAL REVIEWS

Experienced partners and professional staff of our firm conduct quality control reviews of our audits. Our partners' work is reviewed annually, and the inspection process includes periodic testing of the effectiveness of our quality controls and a continuous improvement program.

Peer reviews are performed every three years by another independent public accounting firm. The most recent review of our firm was performed in 2013 by EideBailly, whose report was the most favorable possible.

In addition, we are registered with the PCAOB and our 2006, 2009, and 2012 PCAOB external inspection reports were also the most favorable possible—no audit deficiencies. The 2012 PCAOB report can be viewed at http://pcaobus.org/Inspections/Reports/Documents/2013 Carr Riggs Ingram LLC.pdf

The following graph depicts the timing and key elements of our typical audit process.

PHASE		2014				2015			
		00	NON	DEC	JAN	FEB	MAR	APR	
Client Acceptance & Pre-Planning									
Appointment of audit firm									
Ongoing consultation on major issues and developments									
Meet with management to discuss risks and scope									
Hold CRI engagement team planning meetings									
Risk Assessment & Audit Strategy									
Gain understanding of significant processes and key controls									
Perform testing of key controls to reduce substantive testing									
Determine nature, timing and extent of substantive procedures									
Perform selected substantive procedures									
Finalize and communicate plan to management/governance				U					
Audit Execution Conduct remaining substantive tests based on the results of audit procedures performed to date									
Discuss results of audit work with management									
Report & Monitor									
Prepare comptroller local government financial report							Ŋ		
Meet with management/governance to discuss results of audit									
Issue audited financial statements		-				T			





System Review Report

January 31, 2014

To the Partners of Carr, Riggs & Ingram. LLC and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Carr, Riggs & Ingram, LLC (the firm) applicable to non-SEC issuers in effect for the year ended June 30, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prammary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards; audits of employee benefit plans, and audits performed under FDICIA.

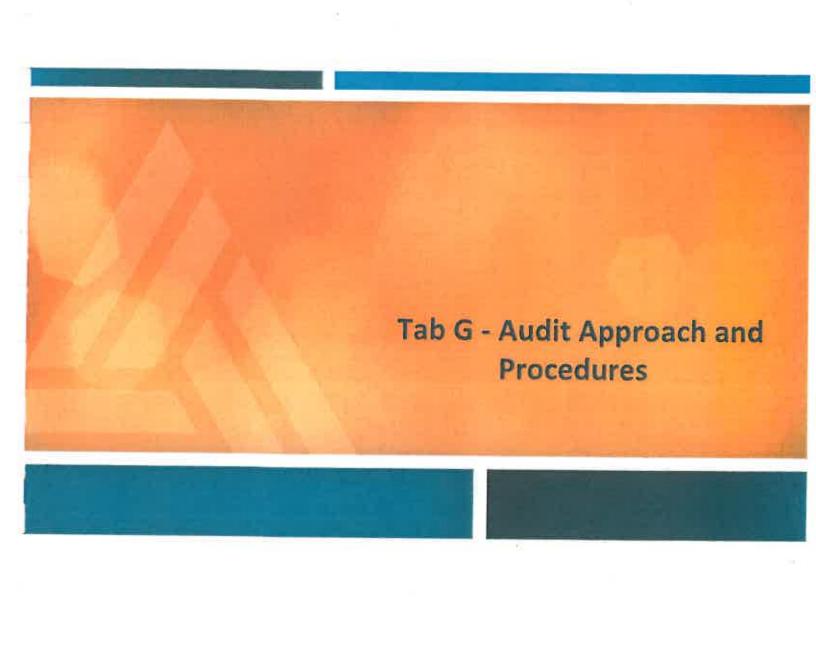
In our opinion, the system of quality control for the accounting and auditing practice of Carr, Riggs & Ingram, LLC applicable to non-SEC issuers in effect for the year ended June 30, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Carr, Riggs & Ingram, LLC has received a peer review rating of pass.

Eide Bailly LLP

Est Bailly LLP

www.eld@bailly.com

800 Nicolet Mail, Ste. 1300 | Minneapolis, MN 55402-7033 | T 612,253,6500 | F 612,253,6600 | EOE



AUDIT APPROACH AND PROCEDURES

Our <u>Tallahassee office</u> includes 50 professionals and a governmental audit staff of 20 CPAs. Our audit of the Consortium will be conducted by the Tallahassee office with many years of experience in governmental auditing. Our proposed services will require a coordinated effort between CRI and the Consortium's team. Planning and continual communication are essential to developing the appropriate procedures, working collaboratively to resolve any identified issues, and meeting your timelines.

CRI's audit approach occurs within a framework of the Consortium's financial reporting activity; therefore, we assess risk by:

- Understanding management's perspectives and goals, and
- Considering economic conditions and threats that could prevent management from achieving its objectives.

We assess risks in the following areas:

- Materiality
- Financial Reporting
- New Accounting Pronouncements
- Internal Control Environment
- IT Systems & Support
- Board of Directors & Management Expectations
- Operating Results
- Technology Innovation
- Legislative/Regulatory Changes

AUDIT APPROACH AND PROCEDURES

Our ultimate intent is to drill down from these broad risks to specific financial reporting risks. We understand both these risks and management's processes and procedures for mitigating them (i.e. internal controls) in order to develop our procedures to carry out our audit responsibilities.

Although our audits are conducted through a structured, risk-based model, we focus on understanding the client's needs, requirements, and expectations. We work collaboratively with management and the Board to develop a communication and work plan to continuously improve client service, by doing so we help in moving your team from simple **compliance** to providing you with a **competitive advantage**.

In planning, we concentrate on "key risks," (items with a greater risk of a material misstatement, a material weakness in internal controls, or other matters resulting in the issuance of an inappropriate audit report). We focus on "material" items (i.e. those items that would be important to the user of your financial statements). When evaluating materiality of identified misstatements, certain quantitative and qualitative factors must be considered—which may include:

- Impact on operating trends (county funding, net position, etc.)
- Nature of the misstatement (i.e., did the misstatement result from an unlawful transaction?).
- Impact on liquidity, net position, etc.
- Impact to contractual and regulatory requirements.

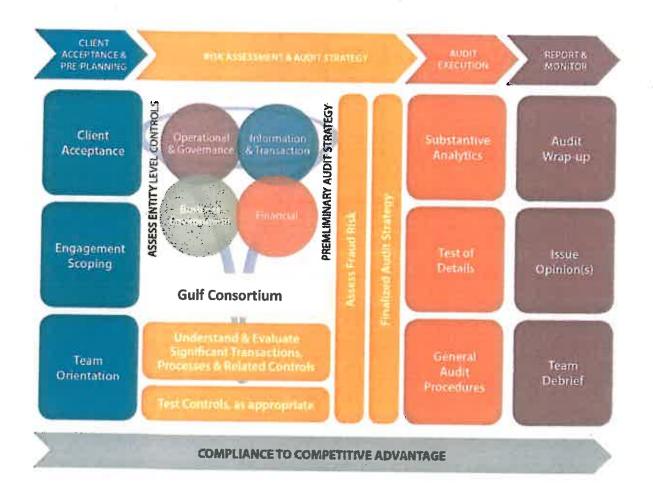
Consistent communication is a key to completion of the audit. By ensuring constant involvement, we are in a better position to respond to your issues timely and efficiently. Therefore, we plan to meet with your management to:

- Set-up the audit by reviewing the mapping of the Consortium's financial information (financial statements and notes) to significant processes and IT systems to ensure that all significant account balances, transactions, procedures, and systems are tested as deemed necessary.
- Discuss ongoing changes—specifically new accounting pronouncements and key business transactions in their early stages, enabling us to agree on the resolution of various complex business issues on a timely basis.



AUDIT APPROACHAND PROCEDURES

Our audit approach is a four stage approach, as depicted in the summary below. Our client acceptance and risk assessment procedures (as noted on the previous page) occur during detailed conversations and observations with your team. The results of those procedures allow us to tailor an audit program to your specific risks and needs. We then execute the audit, report the results, and evaluate continuous improvement opportunities for ongoing service and benefit to you.



AUDIT APPROACHAND PROCEDURES



Stage 1: Client Acceptance & Pro-planning

- Perform client acceptance procedures where necessary.
- Collaborate with management to agree to expectations and scope.

 Assign appropriate staff to engagement based on client needs and assessed risk.

Stage 2: Risk Assessment & Applit Strategy

- Interview client personnel and others, as necessary to understand client-specific objectives and risks.
- Assess environmental and other external risks and potential impact on the audit planning.
- Assess entity level controls including: control environment, risk assessment, information & communication, and monitoring controls.
- Assess management's fraud and IT risk assessment models. Develop independent fraud and IT risk assessment.
- Assess IT General Computer (ITGC) controls, such as IT Environment, Developing & Delivering IT, and Operating IT & Monitoring IT.
- Assess materiality.
- Perform preliminary analytical procedures.
- Map financial statements to significant transactions, processes, if systems and related controls.
- Develop understanding of significant processes and related controls.
- Determine existence of/reliance on SSAE 16 (formerly SAS 70(s)).
- Test controls including ITGC, as and if deemed appropriate. Tests will include a mix of:
 - Inquiry,
 - observation,
 - examination and
 - re-performance.
- Determine reliance on Internal Audit, if applicable (e.g. controls or detailed (e.sts).
- Determine reliance on specialist(s), if applicable (e.g. valuations, pension costs, etc.).
- Finalize risk assessments and develop final audit strategy.

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- Where possible, develop detailed analytical procedures to use as substantive tests to reduce tests of details. Examples include:
 - ratio analysis,
 - regression analysis,
 - trend analysis,
 - predictive tests or
 - reasonableness tests.
- Where possible utilize Computer-Assisted Audit Techniques (CAATs), such as IDEA or ACL to automate testing for more coverage and less disruption to the client.
- Where possible, perform targeted testing (also known as "coverage" testing) of account balances to tests large portions of account balances.
- Parform tests of details, including sampling, if applicable or necessary.
- Perform general audit procedures, as and if applicable, such as tests related to:
 - commitments and contingencies,
 - legal letters,
 - management representations,
 - reviews of Board minutes,
 - related party transactions,
 - debt covenants and
 - going concern.
- Perform other tests for compliance such as Yellow Book or Single Audit Tests.

Stage 4: Report & Monitor

- Continually monitor the audit and provide feedback as agreed during scoping or more frequently, as deemed appropriate.
- Conclude the audit (i.e. issue opinions and/or reports).
- Develop and present required communications, including management letter comments.
- Perform an internal team de-briefing to identify areas for improvement.
- Welcome the opportunity for an external debriefing with our clients to improve.

MANAGEMENT PLAN/AUDIT APPROACH



The three primary areas of testing for which sampling techniques are usually utilized are:

- Tests of controls
- Tests of compliance with laws and regulations;
- Substantive tests (of account balances).

With more transactions and higher dollar amounts we would use judgmental and random sampling whenever feasible and cost effective as substantive tests of account balances. Our test of controls, as well as tests of compliance with laws and regulations, will be spread throughout the period as required under the Statement on Auditing Standards.

Extent of Use of EDP Software

All of our staff are equipped and trained to be proficient in the use of microcomputers and various EDP software. A key ingredient of our audit approach is using state-of-the-art technology throughout all phases of the audit. Our technology includes AuditVision, audit workpaper program; Computer Assisted Audit Techniques (CAATs); GoSystem Practice, which is utilized for budgeting and controlling the engagement and reconciling actual time for final billing; Microsoft Excel and Word, which is utilized for electronic workpapers and making various calculations; and Microsoft Internet Explorer, which is utilized for searching relevant databases on the Internet. Our computer technology specialists use various software to test controls and evaluate the system.

Our IT Consulting Partner, if applicable, will be involved in the review and evaluation of your information technology controls. He specializes in IT compliance/audit, IT security, risk analysis, disaster recovery, network design, installation and implementation.

Sampling for Tests of Compliance

Whenever possible, we design tests which will serve more than one audit objective. As it relates to compliance, we try to perform dual-purpose tests which provide support for the financial statement balances at the same time as they provide evidence of compliance with laws and regulations. This way, fewer documents have to be gathered by the Consortium staff and greater efficiency is achieved in the overall conduct of the audit.

Management Letters

The results of our internal control structure evaluation serve as a basis for our recommendations to management. We also consider any weaknesses noted during our substantive testing and other audit procedures. Upon completion of our audit, the findings and recommendations we consider to be of value to you are summarized and presented as management comments.

We will meet with the audit committee or management representatives to discuss these comments prior to finalizing the letter to ensure that our management letter contains no surprises.

- Reportable conditions identified during the course of the audit.
- Other matters not considered reportable conditions that we wish to communicate for the benefit of management.

In our view, management letters can serve the Consortium on two distinct levels. The first is when we, the auditors, determine that there are material deficiencies in internal controls. These should be communicated at once to the highest level of management so that corrective action can be taken. The other level is the more routine operational improvement and control enhancement comments which are communicated to management on a timely basis such that appropriate action can be taken.

Tab H - Statement on Public Entity Crimes

PUBLIC ENTITY CRIME STATEMENT



Carr, Riggs & Ingram, LLC does not have a person or affiliate who has ever been placed on the convicted vendor list as stated in Section 287.133(2)(a), Florida Statutes.

TAB I - Fee Schedule



FEE SCHEDULE

Our fee for the year ended September 30, 2014 is as follows:

Audit of financial statements of the Consortium per

Request for Proposal for FY 2013-14. \$ 6,015

Professional Discount (3,015)

Proposed Fee \$ 3,000

Position	te Per lour	Anticipated Hours	Ĥ.	Total
Partner	\$ 250	4	\$	1,000
Manager	170	10		1,700
Senior	145	12		1,740
Staff	100	14		1,400
IT Manager	 175	1		175
		,	\$	6,015

Fees for previous local government audits of similar size and budget for the past three years:

Entity	Total Assets	Fee
Franklin County District School Board	\$ 160,902	\$ 4,425
Calhoun County District School Board	359,489	\$ 5,850
Town of Greenwood	Net position	\$10,600
	\$ 1,947,178	