



workforce **CONNECTIONS**
PEOPLE. PARTNERSHIPS. POSSIBILITIES.

Notice: Request for Proposals
Office of Management and Budget (OMB) A-133
AUDITING SERVICES

*workforce*CONNECTIONS (wC) is soliciting auditing services that governmental organizations must follow under the audit requirements of OMB Circular A-133.

Publication of Proposal
February 21, 2012

Submission of Proposal Deadline
April 2, 2012
On or before 4:30 pm

*workforce*CONNECTIONS is an
Equal Opportunity Employer/Program
Auxiliary aids & services available upon request for individuals with disabilities
TTY (800) 326-6888 or Nevada Relay 711

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REQUEST FOR PROPOSAL
FOR
OMB A-133 AUDIT SERVICES

SECTION I - RFP DESCRIPTION

A. INTRODUCTION

*workforce*CONNECTIONS (wC) is a local workforce investment board that is the designated pass-through entity to provide administrative oversight of employment and training funds that have been awarded under the Workforce Investment Act (WIA) and the American Recovery and Reinvestment Act (ARRA). wC also receives direct federal awards of funds from federal agencies. These funds support programs such as Youthbuild and Prison Re-Entry, as well as other related local workforce initiatives. wC is considered to be a special purpose governmental entity under GASB statement 14 because it is governed by a consortium of local elected officials who bear the fiscal responsibility for the agency. The annual budget of the organization is approximately \$25 million dollars, and wC employs over 50 individuals. wC has a June 30th fiscal year end, with a requirement to file an A-133 audited financial statement by March 31st of the following year. wC provides staff support to assist the selected audit team to meet this designated deadline.

One of wC's primary fiscal administrative requirements is to obtain a financial audit in accordance with the Single Audit Act Amendments of 1996 (31 U.S.C. 7501–7507) and revised OMB Circular A–133, “Audits of States, Local Governments, and Non-Profit Organizations.” The audits must be conducted on an annual basis by an independent auditor in accordance with Generally Accepted Government Auditing Standards covering financial audits as referenced in Nevada Revised Statutes 354.624 and Department of Labor Administrative regulation 29 CFR 97.26.

wC is soliciting proposals from entities that have the capability to perform an audit of its financial statements and financial management infrastructure that are in compliance with the following minimum standards:

1. Appropriate state licensing requirements,
2. Applicable independent fiscal standards,
3. Records that demonstrate responsible work, and
4. Established applicable requirements for peer review and continuing professional education of staff.

The audit firms who have an interest in this solicitation will be required to conduct an on-site audit of wC's fiscal records that are maintained at wC's main office located at 7251 W. Lake Mead Blvd., Suite 200, Las Vegas, NV, 89128.

The auditor will also be expected to follow the recommendations of the AICPA and Local Governments regarding the application of generally accepted auditing standards for audits of financial statements of state and local governmental units as contained in the AICPA audit and accounting guide, Audits of State and Local Governmental Units, Circular OMR A-133, Audit of local governments, State, and nonprofit organizations.

B. PROJECT SCHEDULE

February 21, 2012	Request for Proposal Issued
April 2, 2012	Deadline for submission of audit (No submissions will be accepted <u>after 4:30pm</u> of this date and time.)
April 16, 2012	Proposal evaluation
May - 31, 2012	Selection of the Vendor (Board Approval)
June 1, 2012	Commence Contract negotiation
June 15, 2012	Executed Contract
October 3, 2012	Commence Field Work
December 14, 2012	Delivery of Draft Reports and Completion of Exit Conferences
January 31, 2013	Delivery of Final Reports for Distribution

C. RELATIONSHIP WITH PRIOR CPA FIRM

These services have been provided by Piercy Bowler Taylor & Kern for the past five fiscal years. wC is required to procure audit services this year due to exhausting the renewal options of the prior contract. In preparing your proposal, be advised that management will give permission to contact prior auditors.

D. AUDIT WORKPAPERS

Audit work papers and reports shall be retained for a minimum of three years from the date of the audit report, unless the auditor is notified in writing by the State of Nevada or wC to extend the retention period. Audit work papers shall be made available, upon request, to wC staff or Board, the State of Nevada, and the U.S. Department of Labor. Records shall be retained beyond the three-year period if audit findings have not been resolved at the state and/or federal level.

E. RIGHT TO REJECT

This RFP does not commit wC to accept any proposal submitted, nor is wC responsible for any costs incurred in the preparation of responses to this RFP. wC reserves the right to reject

any or all proposals, to accept or reject any or all items in the proposals, **and/or to** award the contract in whole or in part as is deemed to be in the best interest of wC. wC reserves the right to cancel, delay, amend, or reissue the RFP at any time.

F. AWARD OF CONTRACT

Each respondent submitting a proposal will be notified in writing or via e-mail of wC's decision concerning their proposal. Formal notification to award a contract and the actual execution of a contract are subject to the following conditions:

- Receipt of funds from federal and state administering agencies;
- Results of negotiations between selected vendor and wC administrative fiscal staff;
- Continued availability of wC funds, and;
- Approval by full wC Board of Directors

The final award of contract will be made to the firm, which in the opinion of wC, is best qualified to perform the services and at the lowest cost.

G. TERM OF AUDIT SERVICES

The initial term of the awarding agency's contract shall be for two years. wC reserves the right to extend the contract with the possibility of two one year extensions. This contract extension shall be based on the audit firm's prior performance. Price and terms for each year's subsequent audit shall be renegotiated with wC. Nothing in this solicitation shall be construed as giving the proposing vendor any guarantee of future contracts. All decisions on contract renewals shall be at the sole discretion of wC. Work to be performed under the audit firm's contract shall not be assigned to another firm or individual without the prior written consent of wC.

H. TERMINATION OF AUDIT SERVICES

Either party upon a thirty (30) day written notice may terminate the audit agreement contract for any noted reason.

I. AUDIT REPORT REVIEW

Prior to the submission of the final completed report, the audit firm will be required to review a draft of the proposed report and management letter with wC's management team. Also, the audit firm will be required to present the final audit report to wC's Budget Committee, as well as the wC full Board of Directors during its public meeting forum.

J. EQUAL OPPORTUNITY

Minority and women owned businesses will be afforded full opportunity to submit quotes in response to this RFP, and will not be discriminated against in the awarding of any contract resulting from this solicitation.

K. GRIEVANCE PROCESS

Any prospective respondent or actual bidder or contractor who is allegedly aggrieved in connection with the solicitation of a bid or award of a contract shall have the right to protest. The aggrieved must define, in writing, the reason(s) for the protest and forward the letter of protest to the office of wC's Executive Director. Please refer to wC's grievance policy in regards to this procedure. The time limit for such action is five (5) calendar days after the contract award has been announced by the wC full Board. (*Reference: Policy 5.3 located on wC web site*)

SECTION II - SOLICITATION PROCESS

A. PROPOSAL DEADLINE

In order to be considered, three sealed copies of proposals with the words "AUDIT RFP" written on the outside of the envelope must be received by:

Date: April 2, 2012
Time: On or before 4:30pm
Location: *workforce*CONNECTIONS
ATTN: AUDIT RFP
7251 Lake Mead Blvd., Suite 200
Las Vegas, Nevada 89128

No proposal will be accepted after this date and time. Proposals received after this deadline shall not be considered for evaluation or award. No proposals that are e-mailed or faxed shall be accepted.

B. SOLICITATION QUESTIONS

All questions regarding this RFP shall be submitted in writing via e-mail to: rboulware@nvworkforceconnections.org on or before March 23, 2012.

C. PROPOSAL FORMAT GUIDELINES

In responding to this RFP, the requested information must be in the following format:

- a. Double-spaced typed pages using twelve 12 point Times New Roman font.
- b. One inch margins all around.
- c. A footer on each page should contain the respondent's name and page # in the following preferred format, "Page # of #."
- d. Reference the appropriate headers and section numbers of the RFP in your response and answer questions in the order that they appear in the RFP.

D. PROPOSER COVER PAGE PROFILE

It is mandatory that profile of the proposer be provided in the attached cover page which contains the following information:

1. Name of the proposing firm.
2. Address, telephone number, fax number, and e-mail address.
3. Name and e-mail address of person preparing the RFP along with an acknowledgement that the person preparing the response is authorized to bind the proposing firm to their responses.
4. Current local business license number.
5. Federal tax I.D. number.
6. Mandatory Affirmations (*with signature*)
7. Affirmation of Contents of response to RFP
8. Affirmation of Qualifications

Proposals from Firms who fail to complete and sign the cover page shall not be considered.

SECTION III - SCOPE OF AUDIT

1. The audit "Scope of Work" shall composed of both government-wide and general fund financial statements. wC does not currently maintain any business or fiduciary type funds.
2. The audit shall be conducted in accordance with the Single Audit Act Amendments of 1996, (U.S.C.7501–7507).
3. The audit shall be performed in accordance with Generally Accepted Auditing Standards, and Federal auditing standards of the United States including:
 - (a) Government Auditing Standards, issued by the U. S. General Accounting Office (GAO).
 - (b) The Single Audit Act of 1948 (P.L. 98-502), as amended.
 - (c) Circular A-133, Audits of State and Local Governments, issued by the U.S.Office of Management and Budget (OMB).
4. The auditor shall be prepared to perform services for a two (2) year period with the possibility of two (2) one (1) year extensions which shall be based on performance.

SECTION IV - EXECUTIVE SUMMARY

Each respondent is to provide a brief summary of their business which should include but not limited to, the following:

- (a) Provide years of established business which indicates recent accomplishments.
- (b) Provide an organizational chart of firm which indicates number of staff and if applicable, local, regional, national and/or international operations.
- (c) Describe the office from which the work is to be staffed including the staff and the staff level that is employed at that location.
- (d) Describe the range of activities performed by the local office such as auditing, accounting, tax service, and management service.
- (e) Discuss your staff's capability to audit units of local government with hybrid accounting systems.
- (f) Describe your firm's approach to the audit of wC, including the use of any association or affiliate member firm personnel and the areas that will receive primary emphasis. Also discuss the firm's use of technology in the audit.

SECTION V - PROPOSED FEES & COMPENSATION PROCESS

wC shall pay the selected audit firm a flat fee for performing the audit. The flat fee must include the following cost elements:

1. The cost for all of the auditor's expenses for labor, communications, travel and other miscellaneous expenses directly related to the audit.
2. The hourly rates of staff by classification which includes an all-inclusive maximum fee for the Scope of the Audit.
3. The type of payment arrangements that may be needed. (*Arrangements may be made for progress payments for no more than 25% of the total cost of the audit, the remaining amount to be invoiced with the final audit report.*)
4. The fee proposal should be submitted in a separate sealed envelope and the fee amount should not be disclosed anywhere else in the proposal.

5. Final payment will be made upon receipt of a completed audit report acceptable to *workforceCONNECTION'S* Board of Directors and the State of Nevada Department of Employment, Training and Rehabilitation. If required due dates for audit completion are missed or work does not meet audit standards, wC reserves the right to withhold payment upon notifying the audit firm in writing of the reasons for such withholding.
6. If the audit report is not issued at the agreed completion date by both parties and wC has complied with all requests of the audit firm, the audit firm may be required to accept an automatic 15% reduction in total fees. However, an additional 15% negotiated incentives may be awarded for completing field work and auditing requirements ahead of mutually agreed upon delivery of final reports schedule.
7. Any requests for adjustment to fees must be based on the Consumer Price Index or similar recognized industry index. This shall be based on the change from the index reported by the Bureau of Labor Statistics for two months prior to the execution of the contract. Adjustments will apply only to services affected by an adjustment in raw material, labor, or other like cost factors, and will not exceed 3% on the total contract award.
8. The successful respondent will be informed in writing by amendment and or change order, and prices will be adjusted only after receipt of said approved adjustment from Workforce Connections' executive director or appointed designee.

SECTION VI - PROPOSER QUALIFICATIONS & EXPERIENCE

Provide the following information regarding the Qualifications and Experience of your Firm:

- (a) Describe the firms experience in performing governmental audits in accordance with the requirements of OMB Circular A-128 and OMB Circular A-133.
- (b) Provide the names, addresses, and telephone numbers of previous and/or current clients responsible for three of the audits described above.
- (c) Identify the audit managers and field supervisors and/or other staff who will work on the audit, and include their resumes, relevant experience, and if applicable, educational achievements in governmental accounting and auditing within the last two years.

(d) Provide documentation of the firms' staff, proposed to be assigned to this audit, is properly licensed by the Nevada State Board of Accountancy and indicate dates of licensing.

*****LIMIT RESPONSE TO THREE (3) DOUBLE SPACED PAGES**

SECTION VII - PROPSAL REVIEWAND EVALUATION

wC will evaluate proposals on a qualitative basis. This includes a review of the firm's peer review report and related materials, results of discussions with other clients, and the firm's completeness in its response to wC. Proposals will be evaluated by a committee consisting of four (4) members. Proposals will be opened only by the committee and information contained in a proposal will not be disclosed to the public until after the award. The response to each of the criteria contained under Executive Summary of Firm, Qualifications and Experience of Staff, and Proposed Fees will be scored from 0 to 5, and then multiplied times the weight factor. The Committee will evaluate the scores and may conduct oral phone and/or on-site interviews with leading scorers in addition to checking references before selecting a firm.

A proposal review and evaluation committee shall be formed by *workforce* Connections with qualified individuals having backgrounds related to the delivery of public services with fiscal responsibilities.

All entities submitting proposals will be promptly notified of the determination by *workforce* CONNECTIONS. Proposals will become the property of *workforce* CONNECTIONS and will not be returned. The criteria, point value, and weight, and maximum total score are as follows:

CRITERIA	POINT VALUE RANGE	WEIGHT	MAXIMUM TOTAL SCORE
Proposer's Executive Summary	0 - 5	2	0 - 10
Qualifications & Experience of Firm and Applicable staff	0 - 5	5	0 - 25
Proposer's Fees	0 - 5	3	0 - 15

ATTACHMENT

PROPOSAL COVER PAGE
(Must be completed and signed)

1. Name of the Proposing Firm : _____

2. Local address: _____

3. Telephone Number: _____ Fax Number: _____
E-mail address: _____

4. Name of Contact Person: _____

5. Telephone Number of Contact Person: _____ e-mail _____

6. Current local business license number:

7. Federal tax I.D. number:

8. Affirmation:

I affirm that the information within this proposal, to the best of my knowledge, is true and accurate. Further, I am duly authorized to submit this proposal on behalf of this agency. I also understand that my agency will be responsible for meeting all audit requirements as set forth in this RFP. I fully affirm and understand that failure to meet these requirements may result in my organization's proposal not being considered.

Name (Print) _____ Title _____

Organization _____

Authorized Signature _____ Date: _____

AFFIRMATIONS

All respondents must sign the following affirmations:

- 1.** Affirm that the proposer is properly licensed for the public practice as a certified public accountant or public accountant in accordance with GAGAS.
- 2.** Affirm that the proposer meets the independence requirements of the Government Auditing Standards, 1994 revision, published by the General Accounting Office.
- 3.** Affirm that the respondent does not have a record of substandard audit work. This should be affirmed by submitting a written report communicating the results of an external quality control review conducted within three years preceding June 30, 2011.

I affirm that this information, to the best of my knowledge, is true and accurate.

Name:(Print)_____ **Title:**_____

Organization:_____

Authorized Signature: _____ **Date:**_____



BEST PRACTICE

Audit Procurement (1996 and 2002)

Background. The Government Finance Officers Association (GFOA) has long recommended that state and local governmental entities obtain independent audits of their financial statements performed in accordance with the appropriate professional auditing standards. Properly performed audits play a vital role in the public sector by helping to preserve the integrity of the public finance functions and by maintaining citizens' confidence in their elected leaders.

Recommendation. GFOA makes the following recommendations regarding the selection of auditing services:

- The scope of the independent audit should encompass not only the fair presentation of the basic financial statements, but also the fair presentation of the financial statements of individual funds and component units. The cost of extending full audit coverage to the financial statements of individual funds and component units can be justified by the additional degree of assurance provided. Nevertheless, the selection of the appropriate scope of the independent audit ultimately remains a matter of professional judgment. Accordingly, those responsible for securing independent audits should make their decision concerning the appropriate scope of the audit engagement based upon their particular government's specific needs and circumstances, consistent with applicable legal requirements.
- Governmental entities should require in their audit contracts that the auditors of their financial statements conform to the independence standard promulgated in the General Accounting Office's *Government Auditing Standards* even for audit engagements that are not otherwise subject to generally accepted government auditing standards.
- Governmental entities should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors. Such multiyear agreements can take a variety of different forms (e.g., a series of single-year contracts), consistent with applicable legal requirements. Such agreements allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit. Multiyear agreements can also help to reduce audit costs by allowing auditors to recover certain "startup" costs over several years, rather than over a single year.
- Governmental entities should undertake a full-scale competitive process for the selection of independent auditors at the end of the term of each audit contract, consistent with applicable legal requirements. Ideally, auditor independence would be enhanced by a policy requiring that the independent auditor be replaced at the end of the audit contract, as is often the case in the private sector. Unfortunately, the frequent lack of competition among audit firms fully qualified to perform public-sector audits could make a policy of mandatory auditor rotation counterproductive. In such cases, it is recommended that a governmental entity actively seek the participation of all qualified firms, including the current auditors, assuming that the past performance of the current auditors has proven satisfactory. Except in cases where a multiyear agreement has taken the form of a series of single-year contracts, a contractual provision for the automatic renewal of the audit contract (e.g., an automatic second term for the auditor upon satisfactory performance) is inconsistent with this recommendation.

- Professional standards allow independent auditors to perform certain types of nonaudit services for their audit clients. Any significant nonaudit services should always be approved in advance by a governmental entity's audit committee. Furthermore, governmental entities should routinely explore the possibility of alternative service providers before making a decision to engage their independent auditors to perform significant nonaudit services.
- The audit procurement process should be structured so that the principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit. In no case should price be allowed to serve as the sole criterion for the selection of an independent auditor.

References

- *CPA Audit Quality: A Framework for Procuring Audit Services*, General Accounting Office, August 1987.
- *Audit Management Handbook*, Stephen J. Gauthier, GFOA, 1989.
- *An Elected Official's Guide to Auditing*, Stephen J. Gauthier, GFOA, 1992.
- *Governmental Accounting, Auditing and Financial Reporting (GAAFR)*, Stephen J. Gauthier, GFOA.
- Model Audit RFP Diskette, GFOA.

Approved by the GFOA's Executive Board, October 25, 2002

Publication of Proposal

June 22, 2011

Submission of Proposal Deadline

July 18, 2011



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SECTION I - RFP DESCRIPTION

A. INTRODUCTION

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July 18,2011	Deadline for submission of audit (No submissions will be accepted <u>after 4:30pm</u> of this date and time.)
July 21, 2011	Proposal evaluation
July 28, 2011	Selection of the Vendor (Board Approval)
August 15, 2011	Commence Contract negotiation
August 31, 2011	Executed Contract
October 3, 2011	Commence Field Work
January 31, 2012	Delivery of draft reports and completion of exit conferences.
February 28, 2012	Delivery of final reports for distribution

C. RELATIONSHIP WITH PRIOR CPA FIRM

These services have been provided by Piercy Bowler Taylor & Kern for the past four fiscal years. wC is required to procure audit services this year due to exhausting the renewal options of the prior contract. In preparing your proposal, be advised that management will give permission to contact prior auditors.

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The final award of contract will be made to the firm, which in the opinion of wC, is best qualified to perform the services and at the lowest cost.

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- 1. Hourly rates by staff classification and the all-inclusive maximum fee for which the requested work will be done.**
- 2. Type of payment arrangements that may be needed. (*Arrangements may be made for progress payments for no more than 50% of the total cost of the audit, the remaining amount to be invoiced with the final audit report.*)**
- 3. Final payment will be made upon receipt of a completed audit report acceptable to workforceCONNECTION'S Board and the State of Nevada Workforce Investment Support Services [WISS] office. If required due dates for audit completion are missed or work does not meet audit standards, wC reserves the right to withhold payment upon notifying the audit firm in writing of the reasons for such withholding.**

4. If the audit report is not issued at the agreed completion date by both parties and wC has complied with all requests of the audit firm, the audit firm may be required to accept an automatic 15% reduction in total fees. However, an additional 15% negotiated incentives may be awarded for completing field work and auditing requirements ahead of agreed upon schedule.

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(Reference: Policy 5.3 located on wC web site)

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A. PROPOSAL DEADLINE

In order to be considered, three sealed copies of proposals with the words

“AUDIT RFP” written on the outside of the envelope must be received by:

Date: July 18, 2011
Time: On or before 4:30pm
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7251 Lake Mead Blvd., Suite 200
Las Vegas, Nevada 89128

No proposal will be accepted after this date and time. Proposals received after this deadline shall not be considered for evaluation or award. No proposals that are e-mailed or faxed shall be accepted.

B. SOLICITATION QUESTIONS

All questions regarding this RFP may be submitted in writing to:
mavendano@nvworkforce.org before July 18, 2011.

C. PROPOSAL FORMAT GUIDELINES

In responding to this RFP, the requested information must be in the following format:

- a. Double-spaced typed pages using twelve 12 point Times New Roman font.**
- b. One inch margins all around.**
- c. A footer on each page should contain the respondent's name and page # in the following preferred format, “Page # of #.”**
- d. Reference the appropriate headers and section numbers of the RFP in your response and answer questions in the order that they appear in the RFP.**

D. EXECUTIVE SUMMARY

Each respondent is to provide a brief summary of their business which may include years of established business, recent accomplishments, and any other favorable information that may be of interest to wC regarding your company.

[Reference: The Appendix]

****LIMIT RESPONSE TO TWO DOUBLE SPACED PAGES****

E. PROPOSER PROFILE *[Reference the Appendix]*

A profile of the proposer must be provided in the cover page which contains the following information:

- 1. Name of the proposing firm.**
- 2. Local address, telephone number, fax number, and e-mail address.**
- 3. Name and e-mail address of person preparing the RFP along with an acknowledgement that the person preparing the response is authorized to bind the proposing firm to their responses.**
- 4. Current local business license number.**
- 5. Federal tax I.D. number.**
- 6. Fee Proposal - The fee proposal should be submitted in a separate sealed envelope and the fee amount should not be disclosed anywhere else in the proposal.**
- 7. Affirmation of Contents of RFP** *[Reference the Appendix]***

F. SCOPE OF AUDIT

1. The audit shall be of both government-wide and general fund financial statements. wC does not currently maintain any business or fiduciary type funds.
2. The audit shall be in accordance with the Single Audit Act Amendments of 1996, (U.S.C.7501–7507).
3. The audit shall be performed in accordance with Generally Accepted Auditing Standards, and Federal auditing standards of the United States including:
 - (a) Government Auditing Standards, issued by the U. S. General Accounting Office (GAO).
 - (b) The Single Audit Act of 1948 (P.L. 98-502), as amended.
 - (c) Circular A-133, Audits of State and Local Governments, issued by the U.S. Office of Management and Budget (OMB).
4. The audit shall be performed by an independent auditor qualified to conduct governmental audits.
5. The auditor shall be prepared to perform services for a two (2) year period with the possibility of two one year extensions which shall be based on performance.

G. QUALIFICATIONS OF FIRM

Indicate the following Qualifications of the firm:

- (a) Provide an organizational chart of firm, number of staff and whether it has local, regional, national and/or international in operations.
- (b) Describe the office from which the work is to be staffed including the number of professional staff by staff level employed at that location.
- (c) Describe the range of activities performed by the local office such as auditing, accounting, tax service, and management service.
- (d) Discuss your staff's capability to audit units of local government with hybrid accounting systems.
- (e) Describe your experience in performing governmental audits in accordance with the requirements of OMB Circular A-128 and OMB Circular A-133. Give the names, addresses, and telephone numbers of client officials responsible for three of the audits described.
- (f) Describe how your firm will approach the audit of wC, including the use of any association or affiliate member firm personnel and the areas that will receive primary emphasis. Also discuss the firm's use of technology in the audit. And finally, discuss the communication process used by the firm to discuss issues with management and the board.

H. QUALIFICATIONS OF FIRM'S STAFF

Indicate the following Qualifications of Staff:

- (a) Identify the audit managers and field supervisors and/or other staff who will work on the audit, including staff from other than your local office. The resumes, relevant experience, the number and nature of any [*Continuing Professional Educational*] (CPE) hours of any supervisors, managers and

individuals with final responsibility for this engagement should be included. Also outline whether or not the proposed staff have received continuing education in governmental accounting and auditing during the last two years.

(b) Affirm with documentation that the staff members proposed to be assigned to this audit is properly licensed by the Nevada State Board of Accountancy which indicates dates of licensing.

(c) Provide an affirmation that your company will be able to complete the audit in accordance with the project schedule.

(d) Emphasize any special or extraordinary services your firm can provide that would distinguish it from its competitors.

(e) Detail your firm's experience in providing A-133 auditing services for governmental entities.

(f) Affirm that the proposing firm will provide certification regarding debarment, suspension, ineligibility and voluntary exclusion in accordance with 29 CFR Part 98, Subpart a, if awarded a contract.

*****LIMIT RESPONSE TO TWO (2) DOUBLE SPACED PAGES**

I. EVALUATION OF PROPOSALS

WCC will evaluate proposals on a qualitative basis. This includes our review of the firm's peer review report and related materials, results of discussions with other clients, and the firm's completeness and timeliness in its response to WCC. Proposals will be evaluated by a committee consisting of four (4) members. Proposals will be opened only by the committee and information contained in a proposal will not be disclosed to the public until after the award. The response to each of the criteria contained under Qualifications of Firm, Qualifications Staff, Scope of Audit and Fee Schedule will be scored from 0 to 5, and then multiplied times the weight factor. The Committee will then evaluate the scores and may conduct phone interviews with leading scorers, and check their references before selecting a firm. The criteria, points, and weight benchmarks are as follows:

<u>Criteria</u>	<u>Points</u>	<u>Weight</u>	<u>Score</u>
Qualifications of Audit Firm	0-5	2	0-10
Qualifications of Staff	0-5	3	0-15
Scope of Audit	0-5	2	0-10
Fee Proposal	0-5	3	0-15

J. EVALUATION COMMITTEE

A proposal review and evaluation committee shall be formed by *workforce* Connections with qualified individuals having backgrounds related to the delivery of public services with fiscal responsibilities.

All entities submitting proposals will be promptly notified of the determination by *workforce* CONNECTIONS. Proposals will become the property of *workforce* CONNECTIONS and will not be returned.

K. APPENDIX

The proposal appendix must contain the following documents:

1. The Proposal Cover Page (*with signature*)
2. The Executive Summary
3. Mandatory Affirmations (*with signature*)

APPENDIX

PROPOSAL COVER PAGE

1. Name of the Proposing Firm : _____

2. Local address: _____

3. Telephone Number: _____ Fax Number: _____
E-mail address: _____

4. Name of Contact Person: _____

5. Telephone Number of Contact Person: _____ e-mail _____

6. Current local business license number:

7. Federal tax I.D. number:

8. Fee Proposal - The fee proposal should be submitted in a separate sealed envelope and the fee amount should not be disclosed anywhere else in the proposal.

9. Affirmation:

I affirm that the information within this proposal, to the best of my knowledge, is true and accurate. Further, I am duly authorized to submit this proposal on behalf of this agency. I also understand that my agency will be responsible for meeting all audit requirements as set forth in this RFP. I fully affirm and understand that failure to meet these requirements may result in my organization's contract being terminated.

Name (Print) _____ Title _____

Organization _____

Authorized Signature _____ Date: _____

EXECUTIVE SUMMARY

AFFIRMATIONS

All respondents must sign the following affirmations:

- 1. Affirm that the proposer is properly licensed for the public practice as a certified public accountant or public accountant in accordance with GAGAS.**
- 2. Affirm that the proposer meets the independence requirements of the Government Auditing Standards, 1994 revision, published by the General Accounting Office.**
- 3. Affirm that the respondent does not have a record of substandard audit work. This should be affirmed by submitting a written report communicating the results of an external quality control review conducted within three years proceeding June 30, 2010.**

I affirm that this information, to the best of my knowledge, is true and accurate.

Name:(Print)_____ **Title:**_____

Organization:_____

Authorized Signature: _____ **Date:**_____

September 15, 2011

John Ball, Executive Director
workforce CONNECTIONS
7251 West Lake Mead, Suite 200
Las Vegas, Nevada 89128

Dear Mr. John Ball:

We are pleased to have the opportunity to submit this letter, which sets forth our understanding of the terms and objectives of our engagement to provide professional services to workforce CONNECTIONS (the Organization). Details of scope and limitations of services to be provided, and certain responsibilities of management with respect thereto, are attached. These attachments are an integral part of this agreement.

Our fees will be based on our standard hourly rates. Our fees and out-of-pocket costs will be billed semi-monthly as incurred. Any fee estimates provided, whether presented herein or not, are subject to change as a result of significant changes in business activities, such as a business acquisition, or other conditions affecting audit scope.

Subject to the provisions set forth in the attachments, our fees for the requested services are estimated as follows:

Audit of basic financial statements (as defined under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*)

Federal financial assistance audit, as required by OMB Circular A-133 (including any applicable requirements of the American Recovery and Reinvestment Act of 2009)

For the year ended June 30, 2011, our fee for the described services as set forth below is estimated to be between \$65,550 and \$155,550 depending upon (1) uncertainty regarding reporting and compliance requirements related to new program services started and grants received (e.g., the provision of direct program recipient services and the receipt of U. S. Department of Justice grant funds) during the year ending June 30, 2011, and (2) previous knowledge of and experience with the condition and accuracy of the Organization's accounting records.

This letter, including the integral attachments thereto, constitutes the complete understanding between Piercy Bowler Taylor & Kern, Certified Public Accountants & Business Advisors, a Professional Corporation and the Organization relative to services to be rendered to the Organization and supersedes all proposals and other communications, oral or written.

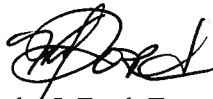
John Ball, Executive Director
workforce CONNECTIONS
September 15, 2011
Page 2

We are confident that we can meet or exceed the service expectations of the Organization's board of directors and senior management and look forward to enjoying a mutually satisfying professional relationship for many years to come.

Please sign and return the enclosed confirmation copy of this letter authorizing us to proceed.

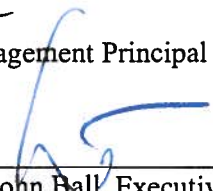
Very truly yours,

PIERCY BOWLER TAYLOR & KERN



Martha J. Ford, Engagement Principal

ACCEPTED BY: _____

 *FB*
John Ball, Executive Director

DATE: _____

09/27/2011

ATTACHMENT A DETAILS OF SCOPE AND LIMITATIONS OF SERVICES

DEFINED TERMS USED HEREIN

The Firm or PBTK	Piercy Bowler Taylor and Kern, Certified Public Accountants & Business Advisors, a Professional Corporation
The Organization	workforce CONNECTIONS
Financial statements	The Organization's basic financial statements and related disclosures
Those charged with governance or financial oversight	The Organization's audit committee, finance committee, board of directors, <i>etc.</i>
AICPA	American Institute of Certified Public Accountants
FASB	Financial Accounting Standards Board
ASC	Financial Accounting Standards Board, <i>Accounting Standards Codification</i>
CPA	Certified Public Accountant
Engagement documentation	The Firm's electronic or paper engagement work documentation
GASB	Governmental Accounting Standards Board
GASB 34	Governmental Accounting Standards Board Statement No. 34, <i>Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments</i> , as amended
MD&A	Management's Discussion and Analysis
CAFR	Comprehensive Annual Financial Report
GFOA	Government Finance Officers Association
OMB	United States Office of Management and Budget
OMB Circular A-133	The applicable version of the United States Office of Management and Budget, Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i>
<i>Government Auditing Standards</i>	The latest version of <i>Government Auditing Standards</i> issued by the Comptroller General of the United States
ARRA	American Recovery and Reinvestment Act of 2009
SEC	United States Securities and Exchange Commission
PCAOB	United States Public Company Accounting Oversight Board

ATTACHMENT A

DETAILS OF SCOPE AND LIMITATIONS OF SERVICES

SAS	AICPA Statements on Auditing Standards
IRS	Internal Revenue Service
IRC	Internal Revenue Code
Required supplementary information	Information that a designated accounting standard setter requires to accompany the financial statements and considers to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context.
Optional supplementary information	Information presented outside the financial statements, excluding required supplementary information, that is not considered necessary for the financial statements to be fairly presented in accordance with accounting principles generally accepted in the United States.
Other information	Financial and non-financial information (other than the financial statements and the auditor's report thereon) that is included in a document containing audited financial statements and the auditor's report thereon.

NATURE AND SCOPE OF AUDIT SERVICES TO BE PROVIDED

What we will audit. We will audit the financial statements (as defined by GASB 34) of the Organization as of June 30, 2011, and for the year then ended prepared in accordance with accounting principles generally accepted in the United States.

Our audit will also include procedures related to required supplementary, optional supplementary or other information that will accompany the financial statements; however, we will not audit the MD&A or, if presented, the introductory and statistical sections that may accompany the financial statements and are required to earn the Certificate of Achievement for Excellence in Financial Reporting awarded by the GFOA, although we will apply certain limited procedures thereto.

We will also perform a Federal Financial Assistance audit in accordance with the Single Audit Act of 1984, as amended, *Government Auditing Standards* and OMB Circular A-133.

Use of professional judgment. The nature of the services to be provided requires that we exercise professional judgment in connection with virtually every procedure applied and conclusion reached throughout the engagement, which judgment may vary from that of another professional in the same or similar circumstances.

Engagement acceptance and retention. It is understood and agreed that our acceptance of this engagement was contingent upon satisfactory results of certain "due diligence" investigative procedures. Such procedures may be updated periodically and evaluated with other information in connection with our decision to retain or discontinue the engagement, particularly in connection with any significant change in key management

ATTACHMENT A

DETAILS OF SCOPE AND LIMITATIONS OF SERVICES

personnel or those charged with governance or financial oversight. These procedures may include, among other things, (1) inquiries with professionals whom the Organization and those associated with the Organization have had significant relationships, for example, its attorney(s), banker(s), and predecessor auditors/accountants, if any, primarily about matters reflecting upon the integrity of management or those charged with governance or financial oversight, and (2) the search of public records for other indications possibly reflecting upon the integrity and professional conduct of these individuals or groups of individuals. It is agreed that we shall be provided with any necessary authorization to enable such professionals as we may select to respond frankly to our inquiries in this regard, and the Social Security numbers and home (current and immediately preceding) addresses of such individuals and others as we deem necessary to facilitate such due diligence investigation. In addition, management agrees to notify us as soon as practical in the event of becoming aware of the impending resignation or other termination of the chief executive/operating and chief financial/accounting officer(s) enabling us to seek, at our discretion, a special representation letter from such individual(s) while still employed.

How the audit will be conducted. Our audit will be planned and conducted in accordance with professional standards and rules generally accepted in the United States, including *Government Auditing Standards*, as are applicable in the circumstances. *Government Auditing Standards* obligate the independent auditor to meet more stringent independence requirements and to perform additional tests of compliance with the provisions of laws, regulations, contracts and grant agreements, and other matters and to prepare additional related reports. Accordingly, our principal goal will be to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement (regardless of cause including, but not limited to, errors, fraudulent financial reporting, misappropriation of assets and violations of laws, rules or regulations) for the purpose of expressing our professional opinion that they are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States. However, we will perform all procedures necessary in our judgment to enable us to issue the other reports, as required by *Government Auditing Standards*.

In connection with financial statements prepared in accordance with GASB 34 and related applicable accounting standards and guidance established by GASB, auditors are required to assess materiality, plan the scope of our audit testing and issue reports on "opinion units." Opinion units in a government's financial statements contain certain combinations of financial data that are viewed as if they are separate financial statements. These include governmental activities, business-type activities, each major governmental and enterprise fund, the aggregate remaining fund information and the aggregate discretely presented component units. Since the determination of opinion units affects the scope of our audit, you agree, (1) to take all practical steps to avoid unnecessary disaggregation of data in the financial statements, resulting in the designation of more than the minimal required number of opinion units, or (2) to pay for additional audit time, as necessary, in excess of our fee estimates, at our standard hourly rates.

Our Federal Financial Assistance audit will be planned and conducted in accordance with OMB Circular A-133. OMB Circular A-133 requirements obligate the independent auditor to meet more stringent requirements than *Government Auditing Standards* and to perform additional tests of compliance with the provisions of laws, regulations, contracts and grant agreements, and other matters and to prepare additional related reports.

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DETAILS OF SCOPE AND LIMITATIONS OF SERVICES

Accordingly, we will perform all procedures necessary in our judgment to enable us to issue the reports required by *Government Auditing Standards* and OMB Circular A-133.

As required under applicable SAS, we will examine, on a test basis, evidence sufficient in our professional judgment to support the amounts and disclosures in the financial statements and to enable us to evaluate the overall financial statement presentation, including the completeness, accuracy, and clarity of related disclosures. In that regard, we will need to communicate with the Organization's attorney(s), who may bill the Organization for preparing a response to our inquiries.

We will obtain an understanding and perform a preliminary assessment of the design effectiveness of internal control over financial reporting and update it annually, for the purpose of helping to determine the nature, timing, and extent (scope) of audit procedures needed to express our professional opinions on the financial statements. We will not express an opinion or any other form of assurance on the operating effectiveness of the Organization's internal control over financial reporting unless provided for elsewhere in this letter or by a separate written letter of engagement.

The scope of our audit procedures will be based, in part, on our annual assessment of the risk that material misstatements might occur and not be detected and corrected, whether as a result of fraud or other illegal acts (including violations of any laws or regulations) or errors. A material misstatement is defined for this purpose as one that would cause the financial statements to be misstated by an amount that in our judgment would likely make a difference to the intended financial statement users, identified to us by management below, whether intentional or unintentional. Nevertheless, principally because of the inherent characteristics of fraud and other illegal acts, particularly when involving forgery and collusion, an audit can afford only reasonable, but not absolute, assurance of discovery of a material misstatement in the financial statements as a consequence of a fraud or other illegal act. We will not perform procedures designed to detect misstatements that are not material. However, if indications of possible fraud or other illegal acts (including violations of any laws or regulations) or errors come to our attention, we will report such matters to management and those charged with governance or financial oversight of the Organization.

If necessary or requested, we will provide routine advice and recommendations to management with respect to its financial reporting obligations and as to the preparation of the financial statements, but only to an extent limited, as necessary in our sole judgment, to comply with relevant independence rules and regulations. Our responsibility with respect to such financial statements; however, shall be limited solely to matters relating to the scope and results of our services as will be described in our report. Accordingly, despite any preparation advice or recommendations that may be provided by us, management is solely and fully responsible for the Organization's financial statements and the assertions made or implied therein.

Intended users of the financial statements. The Organization's financial statements will be intended for the following third-party users and/or purposes and no others unless we are subsequently notified in writing:

- ◆ For distribution to regulatory agencies.

ATTACHMENT A DETAILS OF SCOPE AND LIMITATIONS OF SERVICES

- ◆ For distribution to grantors or their cognizant, administrative or “pass-through” agencies, and other government agencies.
- ◆ For distribution to donors/prospective donors.
- ◆ For distribution to the general public upon request.

In the event we are notified in writing that the financial statements and our report thereon are to be provided to other users for other purposes, we reserve the right to apply additional procedures at our sole discretion, possibly subject to revised billing arrangements, before we authorize such additional distribution and use of our report.

However, we understand that, under applicable State law, the financial statements, our report(s) thereon and certain other communications from us may be available upon request to members of the general public.

Reporting. If, during the course of our engagement, we encounter circumstances that could preclude our issuance of an unmodified standard report, we will notify management and those charged with governance or financial oversight and attempt to resolve the matter satisfactorily prior to the issuance of the related report.

The required supplementary information presented with the financial statements is required by applicable standards. Although we will apply limited procedures to this information, we will not express an opinion or other form of assurance thereon.

The optional supplementary information presented with the financial statements will be presented for purposes of additional analysis and subjected to the procedures applied in our engagement relative to the financial statements. Therefore, we will express an opinion on the optional supplementary information in relation to the financial statements as a whole.

The other information presented with the financial statements will be presented for purposes of additional analysis. Although we will apply limited procedures to this information, we will not express an opinion or other form of assurance thereon.

We will also prepare Federal Financial Assistance audit reports, as required by OMB Circular A-133, which contain, (1) a description of the scope and results of procedures performed with respect to applicable requirements for each major federal program, including an opinion on compliance, (2) the results of our consideration of internal control over compliance including significant deficiencies (if any), and the presentation of any material weaknesses identified, (3) an opinion, based on our audit, on the schedule of expenditures of federal awards, and (4) an auditors’ schedule of findings and questioned costs.

If, as a result of our work, any matters come to our attention that, (1) in our judgment, represent significant deficiencies (including the most serious, called “material weaknesses”) in internal control over financial reporting that we believe could adversely affect management’s ability to record, process, and summarize financial data, and to produce reliable financial statements or to adequately safeguard its resources, or (2) constitute other reportable matters under professional standards such as, but not limited to, possible fraud or

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other illegal acts, we will communicate them to management and those charged with governance or financial oversight together with any other findings we believe warrant attention, and may offer related recommendations for improvement. If requested, we will be pleased to meet with management and/or those charged with governance or financial oversight, to discuss such matters. There can be no assurance that our services will discover all material weaknesses or other significant deficiencies in internal control over financial reporting.

All reports and other written communications issued by us relative to all services provided will be delivered and entrusted to an appropriate officer or management executive, who will be responsible for timely distribution to intended users or their representatives. We will not be responsible, ordinarily, for the distribution thereof to intended users.

Our written reports and other communications will be addressed to those charged with governance or financial oversight to whom we are obligated under professional standards to make certain required communications.

Any reports or other communications that we may issue in connection with these services may not be distributed or published in any document containing other material without the express written consent of our Firm, except as may be required by law or regulatory provision. It is our professional responsibility and policy to review any material containing financial information with which we are, or are likely to become, associated prior to approving its distribution. Accordingly, it is agreed that we shall be allowed the opportunity to review such material, for example, as may be included on a website, in a newsletter or in an annual report, that is intended to contain our report or any reference to our Firm, or any accounting or other significant financial information with which we are, or are likely to become, associated, at least in their final draft or printers' proof stage, and preferably earlier stages, as well, and to make necessary revisions as we may reasonably require, prior to any distribution outside of management and those charged with governance or financial oversight.

Misstatements discovered in previously issued financial statements. If misstatements or omissions are discovered in previously issued financial statements, it shall be management's responsibility to make a timely assessment of the materiality of such matters, both quantitatively and qualitatively and, in consultation with securities counsel, if applicable, and those charged with governance or financial oversight, to determine whether it is necessary to restate any financial statements affected or attempt to notify users of such financial statements, including regulatory agencies, that the financial statements are no longer to be relied upon. In no event shall any public notification be issued by management or any representative thereof without our advance approval of the content. In the event of a restatement, our fees for any additional work that we, in our sole discretion, determine must be performed in connection therewith shall be based on our then standard billing rates, plus any out-of-pocket expenses incurred.

Management responsibilities and representations. Management responsibilities include responding fully and truthfully to all inquiries made by us and understanding that the nature of the service(s) provided by us requires that our service team exercise professional judgment in connection with virtually every aspect of and throughout the engagement, and understanding that the nature of services to be provided by our Firm's service team requires the exercise of professional judgment in connection with virtually every aspect thereof, and that such professional judgments might vary from those of another professional in the same or similar

ATTACHMENT A

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circumstances. In addition, other management responsibilities include, but are not limited to, those listed in Attachment B, which is an integral part of this agreement.

At the conclusion of our engagement, it is agreed that management will provide us with a letter of representation that will reconfirm representations about material matters that were (or should have been) made to us during the course of the engagement and will acknowledge, among other things, the foregoing responsibilities of management for, (1) the financial statements, (2) maintaining effective internal control by designing, adopting, and implementing sound policies and procedures and, when required, documenting, testing and assessing its internal control over financial reporting, and (3) either making all proposed adjustments or determining, based on management's materiality assessments, if any proposed adjustments will not be made. Any proposed audit adjustments waived at management's request will be communicated to those charged with governance or financial oversight. This letter of representation will also set forth management's understanding of the term "material" for purposes thereof.

It is also hereby agreed that the Organization shall release, indemnify, defend, and hold our Firm (and its shareholders, principals and other employees and their heirs, executors, personal representatives, successors, and assigns) harmless from any liability and costs resulting from knowing misrepresentations by management personnel made to us in connection with our services.

Because of a rapidly widening gap in the applicability (to either auditors or financial statement issuers) of certain professional standards, rules or regulations, dealing with accounting, internal control, auditing and auditors'/accountants' independence that depend significantly on the financial statement issuer's status as either privately-held *vs.* a current (or planned) SEC issuer (including, among other significant things, indemnification clauses and the nature and extent of non-audit services that may be provided by independent auditors), it is agreed that we will be notified as soon as practical should management begin to consider a change in such status, for example, through a planned registration of securities or other transaction that would cause the financial statements to be filed with the SEC, or consolidated with the financial statements of another entity that is an issuer, or a planned "going private" transaction. In connection with such a change in status, we shall not be responsible for any noncompliance with any applicable standards, rules or regulations, or other requirements in the event we are not informed in a timely manner of such consideration or intent.

Licensing and independence. We hereby represent that our Firm is duly licensed to perform this engagement, and, in our professional judgment, independent under all applicable rules, regulations and interpretations. In addition, we represent that we know of no relationships that a reasonable person might consider an impairment of our independence under such requirements with regard to this engagement.

ACCOUNTING AND CERTAIN OTHER NON-ATTEST SERVICES

We will perform accounting and other non-attest services as necessary or requested, including the following:

- ◆ Assist the Organization's bookkeeper in preparing adjustments to the accounts included in the trial balance (for example, cash to accrual basis conversion, depreciation, income tax provision, *etc.*).

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- ◆ Preparation of financial statements (as defined under GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*) in conformity with accounting principles generally accepted in the United States.
- ◆ Preparation of required supplementary information/schedules, if any.
- ◆ Preparation of optional supplementary information/schedules, if any.
- ◆ Preparation of other information/schedules, if any.
- ◆ Preparation of certain account analysis schedules.

Preparation of financial statements and any journal entries that may be necessary in that connection are non-attest services that are subject to the limitations discussed below including under "Other terms, Limitations on services provided." Our responsibility with respect to such financial statements and accompanying information shall be limited solely to matters expressed in our reports.

To protect our independent status, you hereby represent to us that MaryAnn Avendano, Finance Manager, has been designated to oversee and accept responsibility on behalf of management for these or any other services other than those involving reporting on the financial statements and that MaryAnn Avendano possesses suitable skill, knowledge, and/or experience to do so, meaning that MaryAnn Avendano understands the services performed sufficiently to oversee them, but is not required to possess the expertise to perform or re-perform the services. In that regard you agree that MaryAnn Avendano will be responsible, and hereby acknowledge responsibility, for all necessary management decisions and all necessary management functions, to evaluate the adequacy and results of the services performed, and to establish and maintain appropriate and effective internal controls, including monitoring ongoing activities with regard to such services and functions. We will be pleased to explain our recommendations to members of management and others to the extent necessary to enable them to make appropriate decisions, but we will not assume management's responsibility for making the decisions. Moreover, we shall not perform any services that are not pre-approved by those charged with governance or financial oversight or of a type that would impair our independence as auditors/accountants under applicable standards, rules or regulations.

SERVICES NOT SPECIFICALLY IDENTIFIED HEREIN

We will also be available to provide, on an as requested basis, other management consulting services, if permissible in our judgment under applicable independence requirements (see OTHER TERMS, Limitations on services to be provided, below), and in accordance with established professional standards and rules applicable to such services, for example, in connection with financial or business matters. However, except for the hourly billing rates listed below, neither this letter nor any fee estimates included herein are intended to cover any services not described herein. In the event that significant additional or alternative professional services are requested, possibly upon our recommendation, or are determined to be required, it is probable that a supplemental or revised letter of engagement will be required setting forth the nature and limitations of such additional or alternative services and the terms under which we will perform them.

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DETAILS OF SCOPE AND LIMITATIONS OF SERVICES

We will not accept responsibility for any management decisions or functions or perform any work that may be considered beyond routine advice or that may put us in a position of auditing our own work, for example, designing or implementing a new accounting system, or performing extensive valuation services, such as may be related to infrastructure assets. Accordingly, our services will not include, for example:

- ◆ Serving as a member of management or a governance body
- ◆ Developing policies or making policy decisions affecting the direction of operations
- ◆ Supervising employees
- ◆ Authorizing transactions
- ◆ Maintaining custody of the Organization's assets

FEES, TIMING AND BILLING ARRANGEMENTS

Except as otherwise explained elsewhere herein, our fees for the services described herein will be based on our Firm's standard hourly billing rates, as summarized below, which, in turn, are based generally on the various experience levels of those assigned to perform the services. Our current standard hourly billing rates, which are subject to change without notice, are as follows:

◆ Principals	\$290 -430
◆ Managers	\$205 -235
◆ Senior Associates	\$135 -220
◆ Staff Associates	\$100 -125

Any estimate of time and fees provided, whether or not presented herein, has been or will be made in reliance on information provided to us by management, excludes any time or fees for additional services as may be necessary or requested, and is or will be subject to change as a result of any significant change in business activities (such as a business acquisition or disposal, or other conditions increasing or decreasing the engagement scope) and the level of assistance expected from the Organization's personnel. Therefore, current and future years' fees may increase or decrease based on actual circumstances.

Rest assured, we are committed to controlling the fees and costs that the Organization is charged for the services described herein and meeting our fee estimate, if any. However, the Organization must be equally committed to controlling the costs that we incur in providing these services, particularly when a fee estimate has been provided. When your staff has accurately prepared requested account and transaction analyses and assembled requested documentation and other information so that our procedures can commence and proceed as scheduled, we are efficient and our costs are consistent with our fee estimate, if any. When your staff is not ready and we have to work around critical account and transaction analyses, documentation and other information, start and stop work, or reschedule the timing of services, our costs increase exponentially. In

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addition to simply taking more time to complete your engagement, creating down time (or wait time), additional deadline pressures, and inefficiencies on your engagement and other client engagements, frequently we are also unable to rearrange the timing of the services we have agreed to provide to other clients. In other words, unexpected, unfavorable circumstances, including extreme deadline pressures, make us inefficient, disrupt our practice, and impair the quality of service we strive to provide to all our clients.

Accordingly, we will provide appropriate personnel with a list of account and transaction analyses, documentation and other information required to efficiently complete the services described herein well before the fieldwork begins and subsequently as needed. Management's failure to provide the requested account and transaction analyses, documentation and other information in time to meet any statutory or other deadline could result in monetary penalties or other adverse consequences for which we will not be responsible. Furthermore, sufficient time must be provided to allow us to complete our work, including the resolution of any open issues to our satisfaction, without undue pressure or hardship.

When unexpected, unfavorable circumstances such as described above occur, there is a presumption that our fees will exceed our estimate, if any, although not always. We will advise management and those charged with governance or financial oversight, as appropriate, when these or other unforeseen circumstances occur. It is management's responsibility to assist us in minimizing our time associated with these or other unforeseen circumstances and, if requested, we will provide management with an estimate of the additional fees to be incurred. However, it is frequently not practical to make meaningful estimates of additional fees caused by inadequate or untimely assistance or as a result of the previously mentioned constraints, including the necessity for our personnel to prepare account and transaction analyses to meet our scheduling commitments or the Organization's deadlines.

Except as otherwise provided for herein, fees and out-of-pocket expenses will be billed twice monthly as the work progresses, and our invoices will be payable upon presentation. An additional finance charge of 1% per month will be added in the event of payment later than 30 days after invoicing or otherwise due. Unless satisfactory alternative arrangements are made, it is understood that failure to pay our invoices timely could impair our independence, may result in discontinuance of our services pending a satisfactory resolution, and possibly prevent the timely completion of your engagement.

OTHER TERMS

Term of agreement. Subject to a new letter of engagement, it is agreed that this agreement may be considered for renewal annually for subsequent years, under substantially the same terms unless and until terminated by either party for any reason or amended in writing, for example, for changes in fee arrangements or other clarification or modification of terms. Nevertheless, our engagement will be considered complete each year following the rendering of all reports and communications agreed to on an annual basis. However, in the event of a significant change in management, or the composition of those charged with governance or financial oversight, continuation of these arrangements will be subject to the results of our normal investigatory client acceptance procedures and our approval of new management or other key personnel.

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Limitations on services to be provided. In performing the foregoing and any other services, we will not perform or accept responsibility for any management functions or management decisions for the Organization, all of which shall be the sole responsibility of the Organization's management. Therefore, it is agreed that management shall be responsible to establish and maintain appropriate internal controls, to evaluate and accept responsibility for any implementation decisions and for assessing the adequacy of any accounting and non-attest services we may be asked to perform and for the results thereof, and to designate an individual who possesses suitable skill, knowledge, and/or experience to oversee such services and will advise us of this designation, in writing.

Conflicts of interest and other issues. In the unlikely event that a potential conflict of interest, significant client-imposed scope restriction, or other issue arises that, in our sole judgment, (1) affects our ability to provide services in accordance with applicable regulatory requirements, ethical, or other professional standards, or (2) causes us to doubt the credibility of management's representations, we may be required to suspend our services until a satisfactory resolution can be achieved, or we may have to terminate our services and resign from the engagement.

Confidentiality and access to and maintenance and retention of engagement documentation. Please be assured that consistent with our professional responsibility, we will keep confidential all client information obtained during the course of providing services, subject to the following provisions:

- ◆ It is understood and agreed that our engagement documentation may be required to be reviewed by others in connection with a legal or regulatory proceeding or by regulators or other professionals similarly bound by confidentiality requirements if selected for inspection in connection with our system of quality control or a professional practice monitoring program.
- ◆ It is understood and agreed that we shall have unrestricted, direct access to any attorney engaged by the Organization, who, likewise, shall be duly authorized to discuss any legal matters without other specific authorization and without regard to client confidentiality, subject to any applicable attorney-client and accountant-client privileges.
- ◆ It is understood and agreed that, from time to time, when and if deemed necessary in our sole judgment, we have your permission to consult with other CPAs outside of our Firm with whom we have relationships and who are bound by the same ethical restrictions applicable to all CPAs as to certain complex technical accounting and related matters. The costs of such consultations, generally at hourly rates similar to our own, will be included in our billings to the Organization, as out-of-pocket expenses.
- ◆ During the course of our engagement, it may be necessary or desirable to transmit confidential information electronically by e-mail or other means to or from the Organization or other authorized individuals or entities assisting in the engagement. Such communications will be appropriately encrypted when required by law. However, e-mail travels over the public internet, which is not a secure means of communication; and therefore, despite any encryption or written notification to readers of the confidentiality of the contents of these communications, it is understood that such confidentiality may be compromised. Nevertheless, the Organization agrees to our use of e-mail or other electronic methods as appropriate in our judgment to transmit and receive confidential information to such persons or entities to whom we may otherwise be authorized to communicate in connection with our engagement. Furthermore, the Organization also agrees to retain any electronic communication received from us for no longer than a reasonable time as may be necessary to serve its intended purpose and to comply with any statutory record retention requirements and those

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of the Organization's own written policies.

- ◆ In the event we receive a duly issued subpoena or summons requesting that we produce documents or testify in regards to this engagement, unless we are advised that we are legally prohibited from doing so, we will notify management and those charged with governance or financial oversight prior to responding, thus enabling an attorney to initiate, during the allowed time for responding, any such legal action as the attorney deems appropriate to protect such information from discovery at the Organization's expense. Although an accountant-client privilege may exist for certain proceedings, it is agreed that we are not under any obligation to assert such privilege at our expense to protect any such information from discovery. In the event access to our engagement documentation is otherwise requested by any regulatory agency, we will not permit such access without the Organization's permission unless advised that we are legally required to do so.
- ◆ *Government Auditing Standards* impose certain "whistleblowing" responsibilities on auditors in connection with illegal acts. Accordingly, in the event that we encounter and report to management or those charged with governance or financial oversight an illegal act that, in our judgment, has a material effect on the Organization's financial statements, unless appropriate remedial action is taken by management or those charged with governance or financial oversight, you understand and agree that we may be required to report the matter directly to a regulatory or grantor agency and that, depending on its severity, we could be required to resign from the engagement.

Except as otherwise provided in this paragraph, all engagement documentation prepared or accumulated by us in support of our report(s) on the financial statements and, if applicable, the tax returns will remain our property at all times, and it is agreed that they will be retained by us for a limited time in accordance with all applicable professional, legal, and regulatory requirements and our normal record retention/destruction policies and practices, but no less than seven years following the completion or other termination of our services for each period (except for certain records relative to audit engagements subject to the standards of the PCAOB that are terminated without issuance of a report) after which they will no longer be available. It is understood and agreed that under our normal record retention/destruction policies and practices, such records may be stored off premises in a public facility, and may ultimately be destroyed by a third-party service provider, all subject to appropriate security measures. We are not responsible to maintain records on the Organization's behalf in support of the financial statements or tax returns and we will not be responsible to the Organization for loss or damage to our engagement documentation or the Organization's documents as a result of catastrophic events, physical deterioration, or as a result of the application of our own record retention/destruction policies and practices in accordance with all applicable laws and regulations. Original paper documents and other records provided to us by you in connection with our engagement shall remain the Organization's property and will be returned to appropriate management or other designated employees as soon as practical following completion of the engagement. It shall be the management's responsibility to retain and protect the Organization's records for possible future use, including potential examination by any government or other regulatory agencies and otherwise pursuant to required records and retention statutes and regulations. Legal or other professional counsel should be obtained by the Organization for guidance on any specific statutory or regulatory requirements that may apply or specific records and retention policies that may be mandated.

In the event our services are terminated for any reason, subject to our withholding of certain information that we, in our sole judgment, may regard as proprietary, we will make our engagement documentation available to, and respond to inquiries of, a successor, consistent with professional standards, but only, (1) with regard to completed services, (2) if we are duly authorized by management to do so, and (3) if all of the following other

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conditions have been met:

- ◆ All our invoices have been paid, and satisfactory arrangements have been made for payment for any time and costs to be incurred in that connection.
- ◆ The successor executes a letter of understanding as to the use of information provided that we determine to be appropriate.
- ◆ We have not withdrawn from the engagement as a result of matters involving possible fraud or other illegal acts by management, client-imposed scope restrictions or other significant matters reflecting adversely on our perceptions of management integrity.
- ◆ There are no pending or threatened claims or litigation matters or ongoing regulatory investigations against our Firm with regard to any services provided or contracted for.

In the event our services are terminated prior to their completion for any reason, or if we decide in our sole discretion to withdraw from the engagement as a result of nonpayment (or slow payment) of fees or matters involving possible fraud or other illegal acts by management, client-imposed scope restrictions, threatened claims or litigation, or other significant matters reflecting adversely on our perceptions of management integrity, the Organization shall be liable for fees and expenses that are incurred during the succeeding 45 days following termination in the processes of file review and assembly in preparation for storage and retention pursuant to applicable professional standards and regulatory or statutory requirements and any applicable interest charges incurred during that period and thereafter.

Peer Review. As required by *Government Auditing Standards*, a copy of our Firm's latest peer review report is available at www.pbtk.com or upon request from the engagement principal.

ATTACHMENT B MANAGEMENT RESPONSIBILITIES

Management responsibilities. Management responsibilities include responding fully and truthfully to all inquiries made by us and understanding that the nature of the service(s) provided by us requires that our service team exercise professional judgment in connection with virtually every aspect of and throughout the engagement, and understanding that the nature of services to be provided by our Firm's service team requires the exercise of professional judgment in connection with virtually every aspect thereof, and that such professional judgments might vary from those of another professional in the same or similar circumstances. In addition, other management responsibilities include, but are not limited to, the following:

Transactions, records, estimates, adjustments and financial reporting:

- ◆ Authorizing, initiating, processing, and reporting transactions only in connection with the legitimate business purposes and best interests of the Organization, including, but not limited to, all related party and other transactions outside the normal course of business, if any.
- ◆ Ensuring that such transactions comply with all applicable laws, regulations, and contractual agreements.
- ◆ Ensuring appropriate classification and reporting of equity and changes therein, in accordance with accounting principles generally accepted in the United States and, when applicable, in accordance with resource restrictions.
- ◆ Ensuring that all material transactions have been recorded in the financial records underlying the financial statements including, but not limited to, related party transactions, sales or purchases of goods or services, loans, transfers, leasing arrangements or guarantees and related amounts receivable or payable.
- ◆ Providing to us the financial records and related data underlying the financial statements, including, but not limited to, minutes and related resolutions (or accurate and complete summaries of discussions held and actions taken) of all meetings of those charged with governance or financial oversight and ensuring that such minutes or summaries include and fairly describe all decisions made and actions taken by the respective bodies that bear significantly on the financial statements.
- ◆ Identifying, and disclosing to us, all fair value estimates contained in the financial statements including, specifically, those that are susceptible to material revision as a result of evolving events that have reasonable possibility of occurrence and informing us of the key factors and significant assumptions that underlie those estimates.
- ◆ Ensuring that all assets and liabilities recorded in the financial statements at fair value are appropriately valued and reported, based upon appropriate methods and assumptions, and that all reasonable, appropriate and practical steps necessary to objectively estimate the fair value of such assets and liabilities including those that do not have readily determinable market values are taken and appropriately documented.
- ◆ Understanding that the service(s) provided by us will not include preparing, or accepting any responsibility to prepare or assist in the preparation of, any fair value estimates to be contained in the financial statements.
- ◆ Identifying, and disclosing to us, all recorded accounting estimates, including all asset valuation allowances and ensuring that such estimates are reasonable in the circumstances and represent management's best judgment considering all reasonably available facts, including management's knowledge and experience about past events and current circumstances, and expected courses of action.
- ◆ Evaluating and recording adjustments to the books of account for financial statement misstatements identified by us or by you, if any, during the course of our engagement and disclosing to us all misstatements that will remain unadjusted due to

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management's perception of immateriality, both individually and, if applicable, in the aggregate.

- ◆ Ensuring the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States.
- ◆ Ensuring the fair presentation of required supplementary, optional supplementary or other information in accordance with accounting principles generally accepted in the United States.
- ◆ Ensuring that the financial statements include all disclosures required by applicable accounting standards, laws and regulations.
- ◆ Identifying, and disclosing to us, all significant changes in business activities, accounting practices or internal controls that might materially affect the financial statements.
- ◆ Reviewing and approving the final draft of the financial statements prior to issuance.
- ◆ Identifying, and disclosing to us, all changes in accounting principles to new methods of accounting that are preferable to the accounting principles previously used including the reason for such changes.
- ◆ Identifying, and disclosing to us, all accounting principles for which management has opted to delay the adoption thereof until required to do so including the expected future effect of adoption.
- ◆ Identifying, and disclosing to us, all related parties and transactions therewith including related amounts receivable or payable and ensuring that such transactions and balances are appropriately reported and disclosed in the financial statements in accordance with accounting principles generally accepted in the United States.
- ◆ Identifying, and disclosing to us, all concentrations of credit or other business or economic risks (including, but not limited to, customers, suppliers, lenders, products, services, sources of labor or materials, franchise or other licenses, operating areas, markets, *etc.*).
- ◆ Identifying, and disclosing to us, all matters regarding the financial stability of depository banks or other financial institutions that might affect our judgment about the significance of any risk of loss associated with uninsured deposits or investments.
- ◆ Understanding that our services will not include performing an evaluation of the financial stability or qualifications of depository banks, other financial institutions or other service organizations including, but not limited to, computer service bureaus, investment advisors, brokers and agents.
- ◆ Identifying, and disclosing to us, all material receivables and ensuring that such receivables represent valid claims arising as a result of sales, loans or advances or other transactions occurring on or before the end of the most recent financial statement period to be presented and are reduced to their estimated net realizable value by appropriate collection and/or other applicable valuation allowances.
- ◆ Identifying, and disclosing to us, all material investments (*i.e.*, marketable debt and equity securities or unconsolidated investees) and other financial instruments, including any significant concentrations of market risk associated with such investments and financial instruments and ensuring that such investments and financial instruments are classified, valued and accounted for appropriately, in accordance with accounting principles generally accepted in the United States.

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- ◆ Identifying, and disclosing to us, all relationships with unconsolidated investees or affiliates that may reasonably constitute "variable interest entities" that might be subject to consolidation now or in the future.
- ◆ Identifying, and disclosing to us, all plans or intentions that may materially affect the carrying value or classification of any reported assets or title thereto.
- ◆ Identifying, and disclosing to us, all material intangible assets and ensuring such assets are classified, valued and accounted for appropriately, in accordance with accounting principles generally accepted in the United States.
- ◆ Identifying, and disclosing to us, obsolete, damaged, slow-moving, excessive or otherwise unsaleable or overvalued inventories, or commitments to purchase inventory quantities in excess of normal requirements or at a price in excess of market.
- ◆ Identifying, and disclosing to us, short-term obligations that have been excluded from current liabilities because of both the intent and ability to refinance (or have refinanced) the obligations on a long-term basis under the terms of an executed agreement.
- ◆ Identifying, and disclosing to us, all debt covenants including, specifically, those that have been violated and/or an event of default has occurred, or those for which correspondence from lenders related to possible debt covenant violations or events of default has been received.
- ◆ Identifying, and disclosing to us, all matters of pending or threatened litigation, asserted or unasserted claims or assessments that lawyers have advised or that you are otherwise aware of that are probable of assertion and/or that could have a material effect on the financial statements.
- ◆ Identifying, and disclosing to us, all contribution and/or defined benefit plans, including, specifically, those for which there are plans or intentions to terminate or materially modify and ensuring that such plans are classified, valued and accounted for appropriately, in accordance with accounting principles generally accepted in the United States.
- ◆ Understanding that we will neither determine nor opine as to solvency or insolvency for bankruptcy or other purposes since such would be a legal determination that may be made only by a court.
- ◆ Identifying, and disclosing to us, all matters that are material and relevant to the ability to continue as a going concern, and management's plans to address such matters and understanding that we will, when applicable, make reference in our report(s) as to uncertainty about the ability to continue as a going concern.
- ◆ Identifying, and disclosing to us, all operating segments and ensuring that such segments are classified and accounted for appropriately, in accordance with accounting principles generally accepted in the United States.
- ◆ Identifying, and disclosing to us, all assets and liabilities valued with the assistance of a valuation specialist and ensuring that an objective evaluation of the specialist's qualifications to perform the assignment was appropriately performed and documented.
- ◆ Ensuring compliance with relevant IRC sections and related regulations that comprise the documentation standards for travel and entertainment deductions and for maintaining appropriate and necessary records to support income tax deductions for such expenses.
- ◆ Identifying, and disclosing to us, all positions taken on the tax returns that do not meet the "more-likely-than-not"

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recognition criterion as specified by ASC 740-10-25-5 (originally issued as FASB Interpretation No. 48).

- ◆ Identifying, and disclosing to us, as applicable, all activities that could cause a change in, (1) tax-exempt status, classification as a publicly supported charitable organization or the deductibility of contributions by donors, or (2) “pass-through” status as an S-Corporation, partnership (including general and limited partnerships) or limited liability company.
- ◆ Evaluating events or transactions that have occurred subsequent to the end of the most recent financial statement period to be presented, but before the financial statements are issued or available for issuance (subsequent events) for recognition and disclosure in accordance with accounting principles generally accepted in the United States.
- ◆ Identifying, and disclosing to us, any plans for the issuance of public debt (*i.e.*, municipal bonds including revenue bonds) during the year subsequent to the end of the most recent financial statement period to be presented.
- ◆ Evaluating, reviewing, and approving all non-attest services performed by us including, but not limited to, any financial statement preparation assistance, analysis, and/or adjustments proposed by us and for designating appropriate management personnel to oversee such services and for ensuring that the designated person possesses suitable skills, knowledge, and/or experience to do so.
- ◆ Ensuring compliance with all restrictions on resources, including donor restrictions, and all aspects of contractual and grant agreements that could have a material effect on the financial statements.
- ◆ Ensuring appropriate classification of contract and grant revenues as either contributions or exchange transactions in accordance with the provisions of applicable standards and for ensuring that all such revenues are appropriately reported.
- ◆ Compliance with all applicable laws and regulations in adopting and amending the budget, and that the budget information presented in the financial statements includes all approved amendments.
- ◆ Identifying, and disclosing to us, component units or joint ventures that require inclusion and/or disclosure in the financial statements.
- ◆ Properly classifying revenues in the statement of activities and reporting of all inter-fund, internal and intra-entity activities and balances in accordance with GASB 34.
- ◆ Identifying, and disclosing to us, all funds that meet the quantitative criteria in GASB 34 for presentation as a major fund and ensuring that all qualifying funds are reported as such. In addition, ensuring that any fund presented as a major fund that does not meet the quantitative criteria has qualitative significance to users of the financial statements.

Internal control over financial reporting and fraud:

- ◆ Designing, implementing, establishing and maintaining effective internal control over financial reporting that provides reasonable assurance that, (1) the financial statements are fairly presented in conformity with accounting principles generally accepted in the United States, (2) resources are adequately safeguarded, (3) there is compliance with all applicable laws, regulations and contractual requirements, and (4) fraudulent and other illegal acts are detected and prevented, including those involving fraudulent financial reporting or misappropriation of assets possibly leading to financial statement misstatements.
- ◆ Evaluating the qualifications of all service organizations employed including, but not limited to, computer service bureaus, financial institutions, investment advisors, brokers and agents engaged, particularly as to their integrity and ability to

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perform the services requested in accordance with management's authorization(s), and ensuring that there is no use of, or reliance on, any services that we perform in making these evaluations.

- ♦ Identifying, and disclosing to us, any fraud that is either material, probably material or that, although not material, involves management or other employees who have a significant role in internal control over financial reporting.
- ♦ Identifying, and disclosing to us, any communication from or actions by law enforcement or regulatory agencies concerning possible, alleged or suspected fraud, deficiencies in financial reporting practices or other noncompliance with laws, regulations or contractual requirements or any other illegal acts.
- ♦ Assessing the expected benefits and the related costs of all control procedures, including any additional or alternative procedures recommended by us.
- ♦ Considering the cause(s) of proposed adjustments (whether or not made and without distinction between those proposed by management or us), if any, including those that may have resulted, in whole or in part, from deficiencies in the design and operation of related controls.
- ♦ Identifying, and disclosing to us, any changes in internal control over financial reporting or any other factors, subsequent to the end of the most recent financial statement period to be presented that might significantly affect internal control over financial reporting, including any corrective actions taken by management with regard to any identified material weaknesses and other significant deficiencies.
- ♦ Understanding that a *deficiency* in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected. A *significant deficiency* is a deficiency, or combination of deficiencies, that is less severe than a material weakness yet important enough to merit attention by those charged with governance.
- ♦ Continually assessing the effectiveness of internal control over financial reporting including disclosure controls, without using or relying upon procedures performed by us.
- ♦ Identifying, and disclosing to us, all known deficiencies in the design or operation of internal control over financial reporting, including disclosure controls, that were identified as part of management's assessment or otherwise, including, specifically, identifying all such deficiencies that are material weaknesses and other significant deficiencies, if any.
- ♦ Communicating all control deficiencies identified by management, or us during our current engagement or as a result of previous engagements, if any, to those charged with governance or financial oversight and ensuring they are appropriately resolved.

Compliance with and control over federally funded programs:

- ♦ Complying with the requirements of OMB Circular A-133, various other laws, regulations, and provisions of contracts, including grant agreements applicable to each federal program.
- ♦ Specifically identifying, and disclosing to us, the provisions of contracts and grant agreements that have a direct and material effect on each federal program.

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- ♦ Identifying, and disclosing to us, all amounts questioned and any known instances of non-compliance with the requirements of federal awards, including the results of, or current status of, other audits or program reviews.
- ♦ Identifying, tracking, and disclosing to us, the status of all audit and program review findings.
- ♦ Preparing and implementing, and disclosing to us, a corrective action plan, if applicable.
- ♦ Making available to us all records and related data for federal programs, including but not limited to, (1) a schedule of expenditures of federal awards prepared in accordance with OMB Circular A-133, which includes all expenditures made during the most recent financial reporting period presented for all awards provided by federal agencies (including those passed through other entities) in the form of grants, federal cost reimbursement contracts, loans, loan guarantees, property, donated surplus property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance, (2) all contracts and grant agreements, including amendments, if any, and other correspondence with federal agencies or pass-through entities related to the federal programs, and (3) all documentation related to the compliance requirements, including information related to federal program financial reports, and claims for advances and reimbursements.
- ♦ Specifically identifying, and disclosing to us, all amounts that have been awarded under the authority of ARRA including any such amounts expended or received.
- ♦ Ensuring that all federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements are prepared.
- ♦ Ensuring that the copies provided to us are true copies of federal program financial reports that have been submitted (including electronically transmitted) to the applicable federal agency or pass-through entity.
- ♦ Monitoring subrecipients compliance with applicable laws and regulations including OMB Circular A-133, reviewing and issuing decision(s) as to subrecipient audit findings, if any, and ensuring that corrective action is taken timely. In connection with reviewing the subrecipients' audit findings, considering the possible need for adjustment to the books and records and making such adjustments as determined to be necessary.
- ♦ Ensuring that all costs charged to federal programs, including allocated indirect costs, if any, are in compliance with applicable cost principles.
- ♦ Accurately preparing the summary schedule of prior audit findings and ensuring that it includes all findings required to be included by OMB Circular A-133.
- ♦ Ensuring the completion of the "data collection form" and the submission of the "reporting package" as required by OMB Circular A-133.
- ♦ Designing, implementing, establishing and maintaining effective internal control over compliance for federal programs that provides reasonable assurance of the appropriate managing of federal awards in compliance with all applicable laws, regulations, and provisions of contracts, including grant agreements, which could have a material effect on federal programs.
- ♦ Identifying, and disclosing to us, any changes in internal control over compliance for federal programs subsequent to the end of the most recent financial statement period to be presented, but before the financial statements are issued or available for issuance, that might significantly affect internal control over compliance or have a direct and material effect on any

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federal program.

- ♦ Identifying, and disclosing to us, any known instances of non-compliance occurring subsequent to the end of the most recent financial statement period to be presented, but before the financial statements are issued or available for issuance.