



**RECEIVING QUALITY FORENSIC
AUDITING & RISK CONSULTING
SERVICES FROM EXPERIENCED
ADVISORS**

MADISON COUNTY, MISSISSIPPI

BKD^{LLP}
CPAs & Advisors

August 31, 2016

Mr. Tony Greer
County Administrator
Madison County, Mississippi
125 West North Street
Canton, MS 39046

DEAR MR. GREER:

Committed to maintaining citizen confidence in your financial stewardship, Madison County, Mississippi (the County), is working to proactively identify and mitigate areas of potential weakness or risks. Because citizens' tax dollars contribute to the County's ongoing success and are a valued source of revenue, it is essential you demonstrate transparency and efficiency in your operations. As the result of your own internal reviews, the County is currently seeking forensic audit and risk consulting services designed to help you remediate higher risk activities through a system of cohesive internal controls, policies and procedures. You need to work with a reputable CPA and advisory firm experienced in providing forensic accounting services designed to help you safeguard assets, maintain data integrity and operate effectively. With our dedicated team of forensic professionals and local accessibility, we believe **BKD, LLP** can provide the quality risk assessment services you desire.

The professionals in our Forensics & Valuation Services division have attention to detail, strong ethical standards and a broad perspective on the issues the County faces. We have helped similar municipalities assess risks and safeguard against potential fraudulent activity; thus, our advisors are equipped with requisite knowledge and insight. We look forward to leveraging our depth of resources to help you have confidence the County's financial resources are being used and allocated properly.

From our conversations with you, we believe our proposal will help you select our firm for timely, efficient and objective services delivered by experienced professionals. We will call you soon to answer questions you may have about this proposal, or you may reach us at the contact information provided below.

Sincerely,



Timothy T. Burns, CPA
Partner
601.948.6700
tburns@bkd.com



Shauna C. Woody-Coussens, CFE
Managing Director
816.701.0250
swodycoussens@bkd.com

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Our acceptance of this engagement is subject to completion of our normal client acceptance procedures. Upon acceptance, the actual terms of our engagement will be documented in a separate letter to be signed by you and us. All information contained within this proposal is proprietary and confidential. The information provided in this proposal is intended for informational purposes only and may not be copied, used or modified, in whole or in part, without BKD’s prior written approval. All information in this proposal is as of May 31, 2015, unless otherwise noted.

EXECUTIVE SUMMARY

With a goal of continuous improvement, Madison County, Mississippi (the County), is committed to providing essential assistance, resources and materials for the citizens using or receiving your services. This dedication includes maintaining strong internal controls that can effectively safeguard the County's assets and detect fraud risks; therefore, the County is seeking a forensic audit initially focused on a review of financial internal controls within the County's administration to help identify areas that may have an increased likelihood of potential wastefulness, inefficiency or fraud. It is critical you work with a skilled team of forensic professionals from a dependable CPA and advisory firm to help you analyze essential areas and identify potential risk, while providing proactive steps to help mitigate those risks. **BKD, LLP** has the expertise to help.

We will not claim to know your organization as well as you do. However, we will seek to develop an understanding of the County's needs and draw upon our experience gained from our work with approximately 500 governmental entities nationwide to provide focused solutions.

THE COUNTY'S DESIRED OUTCOMES

We understand the County is looking for tailored professional services and a quality report regarding the status of existing internal controls and recommendations for amended or new internal controls. You also desire:

- ▶ An evaluation of current processes and procedures through interviews with key employees
- ▶ Identification of potential fraud risk factors and schemes specific to the vulnerabilities of county government
- ▶ A detailed report prioritizing financial risks and outlining best practices for deterrent controls
- ▶ An assessment of monitoring activities currently in place and guidance for improvements
- ▶ Attendance at a meeting to present findings and provide recommendations for further reviews

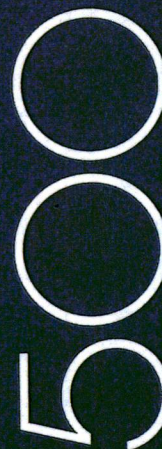
BKD can help the County experience confidence by providing a draft report for review at least 10 days prior to the submission of the final report. The County will then have the opportunity to submit written responses for inclusion in the final report.

SOLUTIONS FOR THE COUNTY

The County has requested information and a fee quote for a forensic audit focused on a risk assessment and internal control evaluation.

Many of our professionals have backgrounds in forensic audit, law enforcement, and digital forensics. Because each client project is different, we provide advisors with the knowledge and experience that fit your needs.

With the qualified CPA and advisory firms you are considering, it can be challenging to make a decision. Your selection may come down to the engagement team you believe is most capable of helping you meet your current and future needs.



Experience confidence
with a national firm that
serves approximately 500
governmental entities.

Providing personal attention and frequent communication to our clients is what drives us—and delivering value beyond the basic service approach is among our top priorities.

Please see the Service Description section of this proposal for a detailed explanation of our consulting service approach.

WHY CHOOSE BKD

DELIVERING VALUE

It is important to monitor expenditures and receive exceptional value for your investments. However, informed consumers understand value is about more than just price. Value from a professional CPA and advisory firm is about the quality of the work and the merit of the advice. Expect BKD's work to be accurate and insightful. We stand behind it.



As evidenced by our inclusion in **INSIDE Public Accounting's** Best of the Best Firms list for the last five years, we also offer long-term consistency, exceptional performance and a national network of support and resources. BKD is large enough to help the County address a variety of financial issues. At the same time, we pride ourselves on hard work and low overhead, which keep our fees competitive. With our reputation, size, service and experience, you can consider us a good value.

A NETWORK OF EXPERIENCED FORENSICS & VALUATION SERVICES ADVISORS

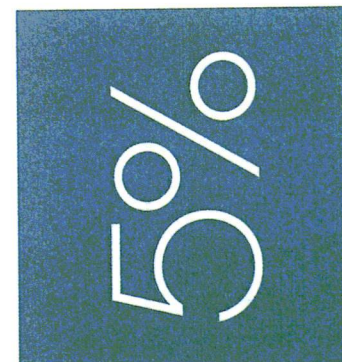
BKD operates as one firm, and our professionals specialize in specific industries. BKD Forensics & Valuation Services (FVS) division comprises professionals located in offices across the firm and provides such services as financial fraud prevention and detection, business valuations, strategic insolvency and bankruptcy, digital forensics and expert testimony and consultation. Our experienced, certified consultants can help the County identify potential risk using best practices and knowledge of industry-specific regulations.

EXPERIENCE IN FRAUD & VALUATION

Fraud can be devastating for an organization. The typical company loses 5 percent of its annual revenue to fraud, according to a recent study by the Association of Certified Fraud Examiners, Inc. BKD FVS division specializes in fraud prevention and detection. Our team has provided fraud investigation and consulting services throughout the United States for a number of clients across a variety of industries, including the United States Department of Justice and the FBI.

USE OF CUTTING-EDGE TECHNOLOGY

As part of our approach, we routinely use cutting-edge big data and analytics techniques to analyze large data sets and search for certain transactions or patterns indicative of heightened risk, fraud or irregularities, including suspected accounts payable or payroll fraud schemes. Digital data analysis tends to be more efficient and effective than traditional sampling methods. Our FVS division has an ACL Certified Data Analyst and Certified IDEA Data Analyst on staff who regularly provide data analytics services to our clients throughout the United States.



The typical organization loses 5 percent of its annual revenue to fraud.

— Association of Certified Fraud Examiners
Report to the Nations on Occupational Fraud & Abuse
// 2016 Global Fraud Study

Furthermore, BKD's FVS professionals have extensive experience in data retrieval and imaging of electronic equipment, including desktop computers, laptops, smartphones and other sources of electronic data. Our state-of-the-art digital forensic lab also stands ready to assist in projects. In today's digital environment, analysis of emails, electronic files and websites visited can be critical. Our lab also has the ability to examine certain smartphones for information such as text message and internet history, which has proved crucial in some of the cases we have investigated.

GOVERNMENT EXPERTISE

BKD National Governmental Group works with hundreds of governmental clients nationwide, including municipalities, counties, state agencies, public utilities, public universities and airports. We can leverage best practices learned from working with other government entities to help the County identify areas that may require additional attention and increase operational efficiencies.

In addition, our commitment to governmental entities includes being a leader in national and state associations, as well as in the development of governmental accounting and auditing standards. Our experience also has enabled us to establish connections with the following entities:

- ▶▶ American Institute of CPAs Governmental Audit Quality Center, as a member
- ▶▶ Government Finance Officers Association
- ▶▶ Governmental Accounting Standards Board
- ▶▶ Office of Management and Budget
- ▶▶ U.S. Government Accountability Office

THOUGHT LEADERSHIP

BKD advisors are serious about reinforcing and strengthening their positions as thought leaders in the industries they serve. To help keep you informed about emerging issues in your industry, as well as changes in regulations and accounting and tax methods, we provide **BKD Thoughtware**® webinars, seminars and articles. Many of these are eligible for continuing professional education credit. Recent topics include:

- ▶▶ Factors Leading to Hotline Distrust
- ▶▶ IRS Ramping Up Efforts to Thwart Tax Refund Fraud, Considering Security Standards for Tax Preparers
- ▶▶ Protect Yourself from the Next Wave of Electronic Device Scams



UNMATCHED CLIENT SERVICE

You want trusted advisors who will deliver exceptional client service, focus on your needs and take the time to address your unique challenges. BKD understands. We take our commitment so seriously, we penned five standards of unmatched client service and supporting guidelines in **The BKD Experience: Unmatched Client Service**, a book that articulates the firm's philosophy and sets expectations for serving clients. Our five standards are:

INTEGRITY FIRST

We work hard to do what is right for you. You can rely on us to tell you what you need to hear.

TRUE EXPERTISE

From BKD, you can expect trained, capable staff and a high level of supervision by partners and experienced personnel.

PROFESSIONAL DEMEANOR

You can depend on prepared and attentive advisors to help meet your needs and provide new ideas.

RESPONSIVE RELIABILITY

Accurate and thorough work, combined with timely delivery, is what you require, and at BKD, we do not want it any other way.

PRINCIPLED INNOVATION

We want you to succeed. For the County, that means looking for new ideas to streamline a process, better document work, train your staff and improve your effectiveness.

You can count on BKD's commitment to our 5 standards of unmatched client service:



Integrity First



True Expertise



Professional Demeanor



Responsive Reliability



Principled Innovation

bkd.com/5

YOUR BKD ENGAGEMENT TEAM

The most critical factor in providing high-quality service is choosing your engagement team. We take team selection seriously and have the appropriate team of advisors to meet your needs.

ENGAGEMENT TEAM ORGANIZATIONAL CHART

Timothy T. Burns, CPA
Partner
Client Relationship Partner

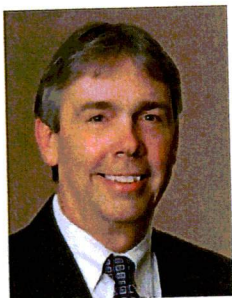
Shauna C. Woody-Coussens, CFE
Managing Director
Engagement Lead

Wilkins M. Crawford Jr., CPA
Director

Matthew C. "Corbin" Stanford
Associate

ENGAGEMENT TEAM EXPERIENCE

We have selected local personnel from our Jackson, Mississippi, office and separate forensic practice individuals independent from the County and its personnel so you can be confident in the objectivity of our findings and recommendations.



Timothy T. Burns, CPA
Partner

Tim has more than 30 years of experience serving as an auditor and a consultant for a number of industries, including governmental, not-for-profit, higher education and commercial entities, including telephone companies and other utilities, such as wireless telephone and cable television. His consulting experience in the utility field includes representation and testimony before various public service commissions on a diversity of ratemaking and other matters, including cost of capital, rate design and development of rate base and revenue requirements. Tim's additional experience includes being in-charge auditor of fieldwork for the audit of several municipal utilities, including Single Audits. Tim serves as the governmental and not-for-profit team leader for the BKD Jackson office. He is a member of the American Institute of CPAs and the Mississippi Society of Certified Public Accountants.



Shauna C. Woody-Coussens, CFE
Managing Director

Shauna is a managing director in BKD Forensics & Valuation Services division. She has more than 20 years of experience performing forensic accounting, dispute analysis and consulting services in the fraud, abuse, complex commercial litigation, class action, merger, acquisition and valuation areas. She has worked in a variety of industries.

Shauna's forensic investigative experience includes fraud investigations for internally identified company matters in response to inquiries by third parties and regulatory bodies, as well as litigation in various industries. Her services include funds tracing, as well as forensic accounting and financial analysis.

She has experience with Foreign Corrupt Practices Act (FCPA)/Anti-Bribery & Corruption investigations and is BKD’s subject matter advisor on those topics. Representative engagements include assisting U.S. companies in performing due diligence on foreign vendors and participating in multiyear internal investigations of FCPA violations. Shauna has testified before the U.S. Securities and Exchange Commission and Department of Justice.

Shauna is a Certified Fraud Examiner (CFE) and member of the Association of Certified Fraud Examiners. She also is treasurer for Legal Aid of Western Missouri. Shauna is a regular speaker for the Government Finance Officers Association on the topics of fraud prevention and detection.



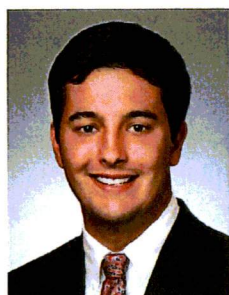
Wilkins M. Crawford Jr., CPA
Director

Wil has approximately 10 years of experience providing audit and accounting services to governmental, telecommunications, not-for-profit, higher education and health care clients. Wil also serves as the accounting and auditing assistant director for BKD’s Jackson office.

He has served as the in-charge, manager and engagement executive for Single Audits under OMB Circulars for various hospitals, universities, governmental and not-for-profit agencies, as well as **Yellow Book** financial statement and Rural Utilities Service compliance audits for telecommunications entities. Within BKD, he has assisted with audit staff training and creating advanced virtual Single Audit compliance training.

Wil is a member of the American Institute of CPAs and Mississippi Society of Certified Public Accountants (MSCPA). He was awarded the Silas M. Simmons Bronze Medal for the 2007 CPA Exam. He also has served as president of the MSCPA Young CPAs, chair of the MSCPA Governmental A&A Committee, millennial chair of the MSCPA Long Range Planning Committee, an MSCPA board member and was the 2015 winner of the MSCPA Rising Star Award. He is a member of the Association of Government Accountants and a reviewer for the United States and Canada’s Government Finance Officers Association’s Certificate of Achievement for Excellence in Financial Reporting Program.

He previously served as treasurer on the board of directors of the Central Mississippi Chapter of the Mississippi State University Alumni Association and currently serves on the Madison United Methodist Church finance committee and the advisory board for Habitat for Humanity Mississippi Capital Area.



Matthew C. “Corbin” Stanford
Associate

Corbin is a member of BKD’s Jackson office’s health care, not-for-profit and governmental teams. He provides a range of accounting and auditing services to a variety of organizations, including health care systems, governmental entities, not-for-profit agencies, senior and assisted living centers, urban and critical access hospitals and telecommunications entities.

He also was recognized as a BKD *WOW!* Award winner in 2014 for providing **The BKD Experience** of unmatched client service.

ADDITIONAL RESOURCES

Our selected engagement team will be assisted by other members of our FVS practice and our Jackson, Mississippi, office as appropriate.

YOUR INVESTMENT

BKD knows our clients do not like fee surprises. Neither do we. Our goal is to be candid and timely, and we want to answer your questions about fees upfront. We determine our fees by evaluating a number of variables: the complexity of the work, the project's scope, the time we will spend and the level of professional staff needed.

PROPOSED FEES

Madison County, Mississippi

	2016
Risk Assessment & Internal Control Evaluation	Not to Exceed \$65,000*

**BKD will cap our fees at \$65,000; however, our fees are based on our hourly rates. Dependent on management's selection of departmental reviews resulting from our initial risk assessments, our fees could potentially be lower.*

In addition, you will be billed travel costs, if any, and an administrative fee of 4 percent to cover items such as copies, postage and other delivery charges, supplies, technology-related costs, such as computer processing, software licensing, research and library databases, and similar expense items. Our fees may increase if our duties or responsibilities change because of new rules, regulations and accounting or auditing standards. We will consult with you should this happen.

HOURLY RATES

Any work outside the scope of this engagement will be priced according to our hourly rates.

Staff Levels	Hourly Rates
Partner, Managing Director	\$360 to \$425
Senior Manager, Director	\$215 to \$265
Associate, Senior Associate, Senior Associate II, Manager	\$165 to \$215

REFERENCES & CLIENTS

REFERENCES

Our clients are our best ambassadors, and we encourage you to contact them about their satisfaction with our services. The following clients have consented to discussing BKD's services and service delivery with you at your convenience.

City of Junction City, Kansas

Ms. Catherine "Katie" Logan
City Attorney
913.451.5168
clogan@lathropgpage.com
Overland Park, KS

Kansas Board of Regents

Ms. Elaine Frisbie
Vice President of Finance &
Administration
785.430.4242
efrisbie@ksbor.org
Topeka, KS

Hinds County, Mississippi

Ms. Carmen Davis
County Administrator
601.968.6501
cdavis@co.hinds.ms.us
Jackson, MS

Mississippi Secretary of State's Office

Mr. Mike Huggs
Director of Mississippi Secretary of
State Securities Division
601.359.1364
michael.huggs@sos.ms.gov
Jackson, MS

Innovate Mississippi

Mr. Tony Jeff
Chief Executive Officer & President
601.960.3610
tjeff@innovate.ms
Ridgeland, MS

REPRESENTATIVE LIST OF CLIENTS

BKD is proud to work with governmental entities, including:

Arkansas Development Finance Authority	Hinds County Board of Supervisors	Mississippi Surplus Lines Association
Central Mississippi Planning and Development District	HoosierFund	Municipal Energy Agency of Mississippi
Central Oklahoma Transportation & Parking Authority	Indiana Education Savings Authority and Upromise Investments, Inc.	Municipal Gas Authority of Mississippi
Cherokee Nation and Cherokee Nation Entertainment	Indianapolis Airport Authority	Nebraska Lottery
Choctaw Nation Housing Authority	Jackson Convention Complex	Oklahoma City Water Utilities
Choctaw Nation of Oklahoma	Minneapolis/St. Paul Metropolitan Airports Commission	Osage Nation
Citizen Potawatomi Nation	Mississippi Department of Corrections	Pikes Peak Library District
City Utilities of Springfield	Mississippi Department of Information Technology Services	State Treasurer of Mississippi – System Restoration Bonds
Colorado Water Resources Development & Power Authority	Mississippi Department of Marine Resources	State Universities Retirement System
Delta Regional Authority	Mississippi Department of Public Safety	University of Mississippi Medical Center Educational Building Corporation
Denver Health & Hospital Authority	Mississippi State and School Employees' Life and Health Plan	
Denver Urban Renewal Authority		
Fayetteville Public Library		

DEPTH OF EXPERIENCE

BKD FORENSICS & VALUATION SERVICES DIVISION

A variety of businesses depend on BKD as their CPA and advisory firm of choice for forensics and valuation services. We have the commitment and wide range of experience you expect from your professional services provider.

BKD Forensics & Valuation Services



CONSULTING

Investigation/Fraud Prevention

Determine fraud and identify security issues

Litigation Support

Assist legal counsel in discovery and presentation of data at trial

Business Valuations

Define your business, business interest or asset worth

Computer Forensics & E-Discovery

Analyze, preserve and present data from computers and consult with attorneys regarding discovery

Strategic Insolvency & Bankruptcy

Investigate issues of fraud and assist trustees, debtors and creditors

Expert Testimony & Consultation

Provide objective opinions and rebuttal regarding damages and other issues

SPECIALIZED SKILLS & EXPERTISE

BKD FVS division advisors offer specialized skills and expertise and have one or more of the following accreditations and/or certifications:

- ▶▶ Accredited in Business Valuation (ABV)
- ▶▶ ACL Certified Data Analyst (ACDA)
- ▶▶ Accredited Senior Appraiser (ASA)
- ▶▶ Certified Fraud Examiner (CFE)
- ▶▶ Certified in Financial Forensics (CFF)
- ▶▶ Certified Internal Auditor (CIA)
- ▶▶ Certified Public Accountant (CPA)

ESSENTIAL COMMUNICATION OF ISSUES & TRENDS

Managing Director and proposed engagement lead Shauna Woody-Coussens recently served as a panelist at the Government Finance Officers Association's 2016 Annual Conference. The session, *Dealing with Fraud in a High-Tech Age*, focused on how data mining and similar techniques can be used to effectively and efficiently combat fraud that previously was difficult, if not impossible, to detect.

BKD has an online source that can help you recognize fraudulent activity and make informed decisions. We encourage you to visit **BKDForensics.com** for up-to-date information on fraud schemes and trends, financial investigations, litigation support and digital forensics.

SERVICE DESCRIPTION

RISK ASSESSMENT & INTERNAL CONTROL EVALUATION

PHASE 1

Our proposed services will begin with an in-depth risk assessment focused on the existing financial internal controls by which the County's funds, assets and resources are safeguarded. Our assessment also will address the risks that the County's funds, assets and resources could be fraudulently misappropriated or misused. Through a series of questionnaires and follow-up interviews, we will gain a foundation of knowledge from which we will draw as we analyze the various risks facing the County, the status of existing internal controls to mitigate those risks and internal control gaps that need to be addressed. At the conclusion of our risk assessment process, we will be better able to appropriately prioritize our forensic audit services and resulting recommendations.

Procedures to be performed may include, but are not necessarily limited to:

- ▶▶ Review of the County's policies and procedures and existing internal controls
- ▶▶ Interviews with relevant County personnel to confirm adherence to the existing internal control structure
- ▶▶ Mapping of existing controls in identified high-risk areas
- ▶▶ Testing of 2015 transactions from each of the County's departments for adherence to legal requirements, County policies, procedures and related internal controls

Our procedures will focus on the identified high-risk areas within the County's departments.

Areas that will be tested and reported on may include, but will not necessarily be limited to:

- ▶▶ General fiscal operations, including but not limited to whether:
 - Controls within the accounting functions (budgeting, cash receipts, accounts payable, encumbrance and general ledger maintenance) are consistently applied to and in compliance with approved policies and procedures
- ▶▶ Purchasing, including but not limited to whether:
 - Purchase orders were prepared only on the basis of written purchase requisitions or other appropriate forms and approved by authorized persons
 - Controls exist to prevent unauthorized purchases and unauthorized use of purchase order forms and to help prevent invoices from being paid in an amount greater than the original purchase order
 - Controls exist to confirm goods and services were received per contract
 - Contracts were awarded in a manner consistent with approved policies and procedures

experience
clarity

"My experiences with BKD have been very positive during the 10 years the firm has served as Legacy's accountants. They are professional, ethical, knowledgeable and extremely helpful whenever I have called upon them for advice or assistance on any matter. I would give them the highest recommendation."

Marsha Zeller

Vice President of Finance
Legacy Resources Company, L.P.
Indianapolis, Indiana

- There is an appropriate record of open purchase orders, and the use of credit or procurement cards are consistent with approved policies and procedures
 - Contracts awarded by the County have appropriate resolutions, certification of availability of funds and executed written contracts
 - The encumbrance system is properly used and administered
 - Invoices agree with original purchase orders; purchase orders agree with and are consistent with approved contract, or if to the contrary, proper procedures for change orders or emergencies were followed
 - Voucher packages contain a purchase order, an invoice, a receiving slip and proof of delivery
 - Payments were made from original invoices, and invoice dates are not prior to delivery date
 - Goods or services purchased had a legitimate business purpose for the purchasing entity
- ▶▶ Payroll/human resources, including but not limited to whether:
- Controls exist over manual and nonmanual payroll payments
 - Payments are made in accordance with contract terms
 - Position control reconciles with payroll and budget information
 - Verification that time sheets exist and tie into payroll records
 - Verification that salaries were properly authorized and paid in accordance with contract or ordinance
 - Employee benefits are appropriately authorized and received by employees per authorization, *i.e.*, tested to confirm only active employees receive benefits
 - Appropriateness of administrative support and controls of IT operations
 - Fixed assets, technology and electronic equipment with value greater than a selected benchmark amount are adequately inventoried and controlled

PHASE 2

TRANSACTION TESTING

Our procedures will include transaction testing. To efficiently and effectively perform our transaction testing, we may use forensic data mining in addition to random sampling. Forensic data mining uses advanced data analysis to identify activity patterns of interest in electronically stored information (such as accounting transaction level data) that is not as discernable through only a manual review process. Data mining enables our professionals to discover new and meaningful relationships, patterns and trends by electronically sifting through data using pattern recognition technologies, as well as statistical and mathematical techniques.

experience
attention

"BKD's personnel from staff to partner that I've worked with are very professional and consider the operations and timelines of the agency personnel in their planning. They are willing to discuss issues and accounting treatments in an open method while ensuring that the standards are met. The comments and recommendations are helpful and have assisted the city in making improvements."

Beth Machann
City Controller
City and County of Denver,
Colorado

PLANNING

Upon execution of the engagement letter/contract between the parties, BKD will request information from the County, inclusive of but not necessarily limited to:

- ▶▶ County and departmental policies and procedures (accounting and operational)
- ▶▶ Responses to internal control and fraud risk assessment questionnaires
- ▶▶ Duties matrix for specific operational processes
- ▶▶ Electronic information required for forensic data mining
- ▶▶ Electronic copies of County and departmental financial information, general ledgers and select subsidiary ledgers

RISK ASSESSMENT

Upon receipt of the above detailed information, BKD will review and analyze submitted data and information and perform the forensic data mining procedures.

- ▶▶ We will use the results of our evaluation to compile risk assessment interview questions tailored to the operational and financial process of the County and its departments
- ▶▶ We will schedule the on-site interviews and transaction testing

FIELDWORK, TESTING & FURTHER PROCEDURES

Fieldwork will include, but not necessarily be limited to:

- ▶▶ Performing in-person interviews of appropriate personnel to gain further understanding of the operations and risk profile of the County and its departments
- ▶▶ Finalizing the mapping of existing internal controls
- ▶▶ Performing transaction testing for a sample of transactions based upon the results of our risk assessment, the forensic data mining and the interviews. We will test the selected transactions back to the underlying support to consider whether they were appropriately approved and documented, and that the transactions represent a legitimate business need for the County or department

COMMUNICATION, REPORT & DELIVERY

After the conclusion of the fieldwork, there is often additional follow-up that needs to be performed to oversee the accuracy of our findings as we develop them. We include in this phase the delivery of a draft report, approximately 10 days prior to the due date of the final report. The draft report will detail our procedures, risk assessment evaluation, findings and recommendations with regard to gaps in internal controls and will request departmental management's responses to our findings and recommendations. A final report will subsequently be prepared that will detail our procedures, risk assessment evaluation, findings and recommendations with regard to gaps in internal controls, as well as departmental management's responses to our recommendations.

PRESENTATION

We will be prepared to present our report and our findings, in person, to the County executive and the County commission at an agreed-upon date.

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**Unmatched client service isn't
just a slogan at BKD; it's the
backbone of our culture.**

Theodore D. Dickman, CPA
Chief Executive Officer | BKD, LLP

APPENDIX

FORENSIC ACCOUNTING INVESTIGATION SUCCESS STORIES

- ▶▶ A city requested our forensic accounting services to address allegations related to its bond issues. Comments surfaced alleging the city had used restricted bond proceeds to meet payroll obligations when it was experiencing shortfalls in its general operating fund revenues. We traced the bond proceeds through the city's bank accounts, quantifying the funds not used for their designated purpose. Our report became a public document and was posted in various online media outlets. We also supported the city's new management team and the city's legal counsel on various issues after our report was released. We met the city's completion deadlines and fee expectations.
- ▶▶ A large city was concerned about the internal controls surrounding purchasing cards. Using data analytics, BKD was able to test these controls and identify other unusual transactions. This testing identified numerous instances of split purchases, where employees visited stores multiple times on a given day to circumvent transaction limits. Further, the testing identified transactions with prohibited vendor types and unusual purchases based on keyword searches. We also interviewed managers and employees in several departments and to help improve cash handling procedures.
- ▶▶ A city discovered a potential embezzlement scheme and turned to BKD to help assess the allegations. BKD quickly met with the city and began work immediately after the initial discovery. BKD's investigation included a significant amount of electronic data analysis, which helped uncover an embezzlement scheme exceeding \$1 million. In addition, the city asked BKD to assess cash handling procedures in all other city departments. We identified weaknesses in departmental cash handling processes including finance, buildings and permits, landfill, municipal court and other areas. Our report was provided to management and was used to begin making changes to help reduce the risk of future fraud.

BKD FIRM PROFILE

experience **insight** // **BKD, LLP**, a national CPA and advisory firm, can help individuals and businesses realize their goals. Our dedicated professionals offer audit, tax and consulting services to clients in all 50 states and internationally. BKD and its subsidiaries combine the insight and ideas of multiple disciplines to provide solutions in a wide range of industries.

ABOUT BKD



CLIENT SERVICE

The **BKD Experience** is a commitment to unmatched client service that is shared by CPAs, advisors and dedicated staff members who take your business personally. We are so dedicated to the idea that we wrote a book—**The BKD Experience: Unmatched Client Service**.



INTERNATIONAL SOLUTIONS

BKD is the largest North American member of Praxity, AISBL*, a global alliance of independent firms serving clients in approximately 100 countries. We offer multinational clients a gateway to the global marketplace with services delivered by alliance firms committed to the highest standards required in international business.



PROFESSIONAL AFFILIATIONS

BKD is a member of the American Institute of CPAs and its three quality centers: Center for Audit Quality, Employee Benefit Plan Audit Quality Center and Governmental Audit Quality Center.

BKD is registered with the Public Company Accounting Oversight Board, which is required to serve as an independent auditor of public companies. BKD audits approximately 80 U.S. Securities and Exchange Commission registrants, including approximately 30 benefit plans.



MISSION STATEMENT

The mission of BKD is to always strive for excellence in providing services to clients, create rewarding career opportunities and maintain sound professional, business and financial standards.



QUICK FACTS

- Clients: Individuals and private and publicly traded businesses in the health care, manufacturing, distribution, financial services, construction and real estate industries, as well as not-for-profit and governmental entities
- Total Personnel: Approximately 2,400
- Partners & Principals: Approximately 260
- Net Revenues: \$496 million
- Fiscal Year-End: May 31
- Founded: 1923
- Locations: 34 offices serving clients in all 50 states and internationally

*Praxity, AISBL is a global alliance of independent firms. Organised as an international not-for-profit entity under Belgium law, Praxity has its executive office in Epsom. Praxity – Global Alliance Limited is a not-for-profit company registered in England and Wales, limited by guarantee, and has its registered office in England. As an Alliance, Praxity does not practice the profession of public accountancy or provide audit, tax, consulting or other professional services of any type to third parties. The Alliance does not constitute a joint venture, partnership or network between participating firms. Because the Alliance firms are independent, Praxity does not guarantee the services or the quality of services provided by participating firms.

BKD SERVICES

Audit & Assurance

Tax

Business Succession Planning

Employee Benefit Plans

Forensics & Valuation Consulting

Information Technology

Risk Management

State, Local & International Tax

Wealth Management

And more

COMMITMENT TO PROFESSIONAL DEVELOPMENT

BKD is committed to creating rewarding careers and equipping our professionals with the tools they need to serve our clients. We take professional growth and development seriously and offer numerous programs and training so we are prepared to help meet your professional services needs.



AWARD-WINNING TRAINING

BKD's commitment to lifelong learning and professional development is highlighted by our recognition as a top-tier training organization. BKD has earned the distinction of **Training** magazine's Training Top 125 for the past three years. In 2014, BKD also earned the **Chief Learning Officer** magazine's LearningElite award.



PROGRESSIVE PROGRAMS & INITIATIVES

BKD is dedicated to creating and implementing programs and initiatives to help our professionals achieve their full potential. Programs include SKY, a firmwide initiative to emphasize and strengthen diversity in our firm. SKY focuses on recruiting, retaining and developing women for the sustainable growth of BKD. Through the collaboration of men and women, BKD aims to foster a culture that recognizes and supports maximizing the potential of all.



REWARDING CAREERS

As part of a recent employee engagement survey, BKD employees ranked us within the 90th percentile of professional services companies, indicating they find BKD to be an exemplary platform from which to serve clients.

BKD PRIDE VALUES

WHAT'S IMPORTANT TO YOU? // A commitment to excellence? Independence and objectivity? A broad skill set? Exceeding expectations? At BKD, these are all essential. That's why every day you can see our partners and employees "living the PRIDE." These values—passion, respect, integrity, discipline and excellence—are the hallmarks of BKD and guide us as we provide solutions for your business and financial needs. Experience what BKD PRIDE values can mean for you.



P

PASSION

- For service to others
- For making tomorrow better than today

Experience how our dedication and enthusiasm for making tomorrow better than today can help you make informed decisions to help improve business and financial outcomes.

R

RESPECT

- For the differences that make our team strong
- For our legacy and the benefits of change

Experience how our respect for diversity can provide a variety of skills and talents to meet your needs. Respecting the lessons of our legacy and yours, we can help you capitalize on the opportunities change inevitably offers.

I

INTEGRITY

- To do the right thing
- To be objective and independent

Experience how our integrity and objectivity can help you make smart business decisions. You want an advisor to tell you what you need to know, not just what you want to hear.

D

DISCIPLINE

- In process and innovation
- To balance professional and personal commitments

Experience how our well-established protocols and low-risk approaches can help resolve issues and advance your goals.

E

EXCELLENCE

- In skills and competencies
- In our quest to be the best

Experience how our ambition, knowledge, commitment to lifelong learning and drive to improve technical and analytical skills can work to consistently surpass your expectations.