

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

August 23, 2017

Ronny Lott  
Chancery Clerk  
PO Box 404  
Canton, MS 39046

Dear Mr. Lott:

Enclosed are three (3) copies of the contract in case the County decides to have us perform the audit for the fiscal years 2017 and 2018. If our firm is awarded the engagement, please sign the three (3) copies and mail them all to the Office of the State Auditor as shown on page 1 of the contract.

Thank you for the opportunity of submitting this proposal.

Respectfully,

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC

Enclosure

Proposal for Furnishing Audit Services to

**Madison County, Mississippi**  
Fiscal Years Ending  
September 30, 2017 & 2018

Presented By  
**Fortenberry & Ballard, PC**  
Certified Public Accountants

**Proposal for Furnishing Audit Services  
Madison County, Mississippi  
For the Fiscal Years Ending September 30, 2017 & 2018**

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FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

**Introduction Letter**

October 10, 2017

Ronny Lott  
Chancery Clerk  
PO Box 404  
Canton, MS 39046

Our beloved and deceased founding shareholder, Jack Fortenberry, established a sound quality process for governmental audits in the State of Mississippi. Since January 2008, we began working in refining the audit process as we continued to grow in expertise and experience in the Mississippi governmental audit arena. Because of twenty five years of continued refinement and improvement of this process, along with the establishment of a seasoned management staff, Fortenberry & Ballard, PC is in the position to offer you a quality audit at a reasonable price.

Since the benefits and quality of a personal service contract, like an audit, are far more important than a price comparison of firms the following information will, hopefully, give a brief overview of the benefits derived by contracting with Fortenberry & Ballard, PC, Certified Public Accountants for the performance of the Madison County, Mississippi annual audit.

These benefits include:

**Technical Understanding**

David Engel, as an Audit Manager, will be coordinating the engagement and is the primary contact. David has performed numerous field audit engagements of county governments since 1996 in employment of both the State of Mississippi Auditor's Office and this firm.

Joining Mr. Engel in providing engagement managerial expertise is Kathy Albritton. Kathy has performed numerous field audit engagements of county governments since 1985 in employment of the State of Mississippi Auditor's Office.

These benefits of **experience** and **technical understanding** will result in a timely, thorough county audit performed by experienced professionals. These attributes will greatly facilitate communication and streamline the procedures required from county personnel during this engagement.

We appreciate the opportunity and hereby submit our proposal for the Madison County, Mississippi audit.

Respectfully,



Brent Ballard

1929 SPILLWAY ROAD, SUITE B  
BRANDON, MISSISSIPPI 39047  
TELEPHONE 601-992-5292 FAX 601-992-2033

## I. Background and Experience

Fortenberry & Ballard, PC personnel have performed county audits since 2002. The firm has unsurpassed governmental audit experience in Mississippi which includes Single Audit Act audits and Comprehensive Annual Financial Statement preparations. The firm has completed such large Single Audit Act audits as the Republic of Palau. Also, the firm performed the audit of over 35 Mississippi public school districts for the year ended June 30, 2016 along with the audit engagements for eleven counties and five municipalities for the year ended September 30, 2015.

The Firm strives to give each client the best possible service at every opportunity. By this simple standard it has performed over one hundred (100) Single Audit Acts audits during the past five years and over three hundred (300) Single Audit Act audits in the history of the firm. These audits combined with other federal program audits under "yellow book" standards give the firm experience in over one thousand (1,000) federal programs during that time. Fortenberry & Ballard, PC is also one of five firms in the State of Mississippi which has successfully presented Comprehensive Annual Financial Statements to the GFOA (Governmental Finance Officers Association) for the award "Excellence in Reporting" for its collaborated efforts with the City of Ridgeland, , Mississippi.

Background and experience in auditing grant recipients is detailed in the following paragraphs.

### Audits of Counties and Municipalities

**Benton County, Mississippi**

**Calhoun County, Mississippi**

**Carroll County, Mississippi**

**Copiah County, Mississippi**

**DeSoto County, Mississippi**

**Jackson County, Mississippi**

**Jefferson County, Mississippi**

**Kemper County, Mississippi**

**Lauderdale County, Mississippi**

**Lincoln County, Mississippi**

**Sharkey County, Mississippi**

**Stone County, Mississippi**

City of Byram, Mississippi

City of Canton, Mississippi

City of Durant, Mississippi

City of Ridgeland, Mississippi

City of Southaven, Mississippi

### Audits of Public School Districts

Amite County School District

Amory Separate School District

Attala County School District

Baldwyn School District

Bay St. Louis-Waveland School District

Benton County School District

Brookhaven School District

Calhoun County School District

Canton Public School District

Chickasaw County School District

Choctaw County School District

Clarksdale Municipal School District  
Clinton Public School District  
Coahoma County School District  
Coffeeville School District  
DeSoto County School District  
Durant School District  
East Tallahatchie Consolidated School District  
Franklin County School District  
George County School District  
Greenville Public School District  
Grenada School District  
Hancock County School District  
Hinds County School District  
Holly Springs School District  
Holmes County School District  
Itawamba County School District  
Jefferson County School District  
Kemper County School District  
Laurel School District  
Leland School District  
Lincoln County School District  
Long Beach School District  
McComb Separate School District  
Meridian Public School District  
Montgomery County School District  
Moss Point School District  
Natchitoches Parish School Board, LA  
New Albany Public School District  
North Pike County School District  
North Tippah Consolidated School District  
Noxubee County School District  
Okolona Municipal Separate School District  
Pearl Public School District  
Pearl River County School District  
Philadelphia Public School District  
Picayune School District  
Quitman Consolidated School District  
Quitman County School District  
Rankin County School District  
Richton School District  
Sabine Parish School Board, LA  
Smith County School District  
Starkville-Oktibbeha Consolidated School District  
Tate County School District  
Tunica County School District  
Webster County School District  
West Bolivar Consolidated School District  
West Tallahatchie School District  
Western Line School District  
Wilkinson County School District  
Yazoo City Municipal School District

Audits of College and Universities

Coahoma Community College  
Hinds Community College  
Holmes Community College  
Colin Community College  
Southern University System  
University of Alabama - Huntsville  
University of Mississippi Medical Center

Audits of State and Government Agencies

Mississippi Department of Employment Security  
Mississippi Department of Military  
Mississippi Department of Public Safety  
Mississippi Homeland Security  
Mississippi Department of Education - Child and Adult Care Food Programs

Single Audits of Non-profit Organizations and Quasi Governments

Delta Health Center  
G.A. Carmichael Family Health Center  
Canton Public Housing Authority  
Canton Convention and Visitor's Bureau  
Canton Redevelopment Authority  
Capital City Convention Center Commission

II. External Quality Control Review Report

The firm's external quality control review report is attached to the subsequent page.



DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S  
GOVERNMENT AUDIT QUALITY CENTER

## Report on the Firm's System of Quality Control

June 19, 2017

To the owners of  
Fortenberry & Ballard, P. C.  
and the Peer Review Committee of the Mississippi Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Fortenberry & Ballard, P. C. in effect for the year ended December 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with a reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

The engagements selected for review consisted of engagements performed under *Government Auditing Standards* and compliance audits under the Single Audit Act.



As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Fortenberry & Ballard, P. C. in effect for the year ended December 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency* or *fail*. Fortenberry & Ballard, P. C. has received a peer review rating of *pass*.

*Bridgers & Goodman, PLLC*  
Bridgers & Goodman, PLLC  
Certified Public Accountants

### III. Profile and Location

Fortenberry & Ballard, PC, Certified Public Accountants, sometimes referred to as the “firm” in this document has focused its resources on audits of governmental and not for profit entities for the last twenty five years. Our firm is organized as a professional corporation in Brandon, Mississippi. The firm currently is licensed for public accounting in three states.

The firm has a shareholder professional and twelve other professional staff members and utilizes four (4) levels of professional staff: shareholder, manager, senior and staff.

### IV. Qualifications of Staff Members

Brent Ballard, CPA, CIA, a shareholder. He was the Director of Internal Audit for the State of Mississippi Institutions of Higher Learning (MSIHL). He graduated from Mississippi State University with a degree in Accounting. Prior to joining the MSIHL, he was Director of the Education Audit Division for the State of Mississippi Auditor’s Office. In this role, he was responsible for overseeing the annual audits of K-12 school districts, universities and community colleges in the state. Mr. Ballard has served on a Core Curriculum committee for the Southern Association of Colleges and Schools (SACS), and has provided training for SACS regarding how to best prepare for an accreditation visit. Brent is a member of the American Institute of Certified Public Accountants and the Central Mississippi Chapter of the Institute of Internal Auditors.

David Engel, a Manager. He has twenty years of experience in governmental accounting including school districts, cities and counties. Before joining Fortenberry & Ballard, PC in 2006 he worked for ten years with the Office of the State Auditor. David has planned, performed and reported on city, county, school districts, community colleges and state agency audits and provided expert testimony for legal proceedings involving governmental entities on numerous occasions.

Kathy Albritton, CPA and an audit manager who began her career in governmental accounting at the Mississippi Office of the State Auditor in 1985 where she managed the County Audit Division. Kathy has 22 years of county audit experience. Kathy also had experience in community college and school district business offices where she has also served as the business manager when she joined Fortenberry & Ballard in 2013. She received her accounting degree from University of Southern Mississippi.

Tammy Lantrip, a Manager. She has 18 years of experience in governmental accounting including counties and school districts. Tammy also worked as a business manager for one of the Mississippi School Districts.

J. Aponte, a Manager, has over ten years of experience in governmental accounting working with audit report preparation and resolution with the Office of the State Auditor in addition to Comprehensive Annual Financial Statements.

Other utilized personnel in the firm include Jeff Adcock, Mario J. Ortiz and Kacey Smiley who have experience in county audits.

The firm is a member of the Mississippi Society of Certified Public Accountants as well as the American Institute of Certified Public Accountants and, as such, provides continuing professional education to all non-CPA staff, as well as shareholders and CPA staff who perform work on governmental audits.

Additionally, all members participating in governmental audits attend regular seminars on governmental accounting, including the Annual Mississippi Governmental Accounting and Auditing Conference and Mississippi School Association of Business Officers (MASBO).

The following personnel may be utilized on all audits awarded our firm.

<u>Name</u>	<u>Attainment</u>	<u>Assignment</u>
Brent Ballard	CPA, CIA	Shareholder
David Engel	MBA	Manager
J. Aponte	BBA	Manager
Tammy Lantrip	BS	Manager
Kristan Lee	BS, CGAP	Manager
Kathy Albritton	CPA	Senior
Chiquita Barnes	BS	Senior
Mario Ortiz	BBA	Senior
Kacey Smiley	BA	Staff

For the purpose of this engagement, our organization is along functional lines, with each individual participating in their own area of expertise. All utilized individuals are experienced in audit, fund accounting and financial software to avoid delay due to "training" of inexperienced personnel.

The successful completion of our examination will be in large part dependent on the effectiveness of supervision. Brent will provide supervision and review. David, as audit manager, will provide management to the audit team. His governmental and audit experience qualifies him to do this. He will be in charge of the engagement and will maintain day-to-day monitoring and supervision of other staff members. He will also review staff members' working papers as the documents are completed.

Brent will be primarily responsible for planning the engagement, ascertaining that the work is progressing according to plan and obtaining a sufficient understanding of the entire job, current affairs and operations in order to anticipate important issues and to resolve them promptly. To carry out these responsibilities, audit files will be reviewed routinely during the examination process and he will communicate frequently with both the county and audit personnel. The final review, preparatory to issuance of the firm's report, will naturally be comprehensive.

#### V. Statement of Understanding

The firm approaches each governmental entity audit as unique. Shortly after a contract is executed, a firm member will visit or contact the audited organization to conduct a preliminary review of internal control, to discuss any items of particular note, and/or to confirm specific details or schedules for field work. Subsequent to this step, an audit program will be written.

After a careful consideration of controls and a risk assessment is documented an audit manager along with the assigned associates will return to the county to conduct the field work. They will obtain sufficient documentation supporting all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenditures/expenses and will test and/or confirm sufficiently to support their conclusions.

Unique with the firm is the off-site work performed as on analytical data or claims to be tested. The firm utilizes an upload site to receive work on claims reports and detail general ledgers before the audit team arrives at the field assignment. This time saving technique is utilized on all financial software systems providing electronic documentation.

Also as soon as a contract is consummated then compliance with certain state and federal regulations will be tested as well as contracts and grants which could have a direct and material effect on those financial statement amounts. These tests will be performed both off-site and on on-site.

At the conclusion of the field work at the county, an "exit conference" will be scheduled with the Board of Supervisors' President, County Administrator and other key officials to present audit findings. Such findings will also be included in the report, which will be delivered both to the county and to the State Department of Audit. Of course, the county will have the opportunity to review a 'draft report' for the purpose of providing a response to the finding and, if applicable, a corrective action plan in writing before the final report is submitted.

#### VI. Time Schedule

Estimated starting and completion dates are at the discretion of the county. Fortenberry & Ballard, PC is committed to timely, efficient service. To realize this end and to accomplish the least disruption to the county operations the audit process will begin immediately upon the consummation of a contract. Upon the execution of a contract risk assessments and audit planning will be performed. Even prior to the county's closing of the financial records a claims paid report will be obtained in order to submit expenditure test selections to the county. Upon the closing of the financial records by the county, the electronic documentation files will utilized by our firm to begin the audit. After receipt, additional requests for information will be made to achieve as much work as practical before the auditors arrive at the county. Our normal time at a county is three weeks with two or three auditors performing field work.

#### VII. Cost Statement

The price of the audit pursuant to the audit hours is 490 hours at \$80 per hour \$39,200. This proposal addresses only the audit cost and does not include any charge for non-audit services such as GASB 34 financial statements and management's discussion and analysis. This would be an additional charge should the Board desire our firm to perform these services.

**Madison County, Mississippi**  
**Schedule of Professional Fees and Expenses for Audit Services**

**Fiscal Year Ending September 30, 2017**

<u>Audit Process</u>	<u>Partner</u>	<u>Manager</u>	<u>Staff</u>	<u>Total Hours</u>	<u>Total Fee</u>
Planning	5	27	23	55	\$ 4,400
Entrance conference	2	3	0	5	400
Internal control	0	7	23	30	2,400
Financial statements & other information accompanying financial statements	0	15	96	111	8,880
Supervision	0	55	0	55	4,400
Review	11	43	0	54	4,320
Report preparation	5	47	0	52	4,160
Exit conferences	2	3	0	5	400
Internal Control Evaluation	0	7	31	38	3,040
Compliance Tests	0	13	72	85	6,800
	<u>25</u>	<u>220</u>	<u>245</u>	<u>490</u>	<u>\$ 39,200</u>

Plus out-of-pocket costs (travel, report reproduction, etc.) 1,500  
Less professional discount (1,500)  
**Total Proposed Contract Price - Fiscal Year Ending September 30, 2017** 39,200

Average rate per hour \$ 80

**Fiscal Year Ending September 30, 2018**

<u>Audit Process</u>	<u>Partner</u>	<u>Manager</u>	<u>Staff</u>	<u>Total Hours</u>	<u>Total Fee</u>
Planning	5	27	23	55	\$ 4,400
Entrance conference	2	3	0	5	400
Internal control	0	7	23	30	2,400
Financial statements & other information accompanying financial statements	0	15	96	111	8,880
Supervision	0	55	0	55	4,400
Review	11	43	0	54	4,320
Report preparation	5	47	0	52	4,160
Exit conferences	2	3	0	5	400
Internal Control Evaluation	0	7	31	38	3,040
Compliance Tests	0	13	72	85	6,800
	<u>25</u>	<u>220</u>	<u>245</u>	<u>490</u>	<u>\$ 39,200</u>

Plus out-of-pocket costs (travel, report reproduction, etc.) 1,500  
Less professional discount (1,500)  
**Total Proposed Contract Price - Fiscal Year Ending September 30, 2018** 39,200

Average rate per hour \$ 80

VIII. Contact Information

David Engel will serve as the firm's principal contact. His contact information and our firm's address follows:

**David Engel [david@fortepa.com](mailto:david@fortepa.com)  
Fortenberry & Ballard, PC  
Certified Public Accountants  
1929 Spillway Road, Suite B  
Brandon, MS 39047  
(601) 992-5292**

Thank you for considering our proposal and our staff looks forward to serving Madison County, Mississippi.

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC

IX. CERTIFICATIONS SCHEDULE

Audit Service Provider:

(Check blocks, fill in spaces, and sign where appropriate.)

- A. That the proposer is properly licensed for public practice in the State of Mississippi as a certified public accountant. Yes
- B. 1. That the firm meets the independence requirements of the *Government Auditing Standards*, published by the Government Accountability Office. (The Yellow Book). Yes
2. That the firm, under any contract requiring approval by the Office of the State Auditor, will not assign audit responsibilities to any staff member who does not meet the CPE requirements of the *Government Auditing Standards*. (The Yellow Book). Yes
- C. That the firm has had an External Peer Review and will submit a copy of the opinion in the Proposal. Yes
- D. That the firm does (  ), does not (  ), have a record of substandard audit work. Disclosure of any positive enforcement action is made below.
- 
- 
- E. That the firm has (  ), has not (  ), employed or retained any company or person, other than a full-time bona fide employee working solely for the audit service provider, to solicit or secure this contract.
- F. That the firm has (  ), has not (  ), paid or agreed to pay any company or person, other than a full-time bona fide employee working solely for the audit service provider, any fee, commission, percentage or brokerage fee, contingent upon or resulting from the award of this contract, and agrees to furnish information relating to letters E and F as requested.
- G. That the firm is (  ), is not (  ), a small business concern. Generally, a small business concern is a concern that is independently owned and operated, is not dominant in the field of operation in which it is bidding, and, with its affiliates, employs not more than 500, or is certified as a small business concern by the Small Business Administration.

H. That the firm is ( ) , is not ( x ) , a minority business or women's business enterprise.

I. Type of business (check appropriate box).

( ) Individual                      ( ) Partnership                      ( x ) Corporation

Incorporated in the State of Mississippi  
(Complete if Corporation)

J. Parent company and employer identification number.

1. Is the firm owned or controlled by a parent company? No.

2. If the answer to Number J-1 is a Yes, the firm shall insert in the space below the name and main office address of the parent company.

Name: \_\_\_\_\_  
Address: \_\_\_\_\_

3. The firm shall insert in the applicable space below, if it has no parent company, its own employer's tax identification number (E. I. No.), or if it has a parent company, the E. I. No. of its parent company.

Firm's E. I. No. 64-0887736  
Parent Company's E. I. No. \_\_\_\_\_

K. Certificate of independent price determination.

1. Certifies, in connection with this procurement, the firm represented (and in the case of joint proposal, each party thereto) to the best of its knowledge and belief:

- a. that the prices in this proposal have been arrived at independently, without consultation, communication or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other firm or with any competitor;
- b. that unless otherwise required by law, the prices have not been knowingly disclosed by the firm and will not knowingly be disclosed by the firm prior to award, directly or indirectly, to any other firm or to any competitor; and,
- c. that no attempt has been made or will be made by the firm to induce any other person or firm to submit or not to submit a price proposal for the purpose of restricting competition.



2. Each person giving a price proposal represents with regard to collusive pricing that:
- a. he or she is the person in the firm's organization responsible within that organization for the decision as to the prices being offered herein and that he or she has not participated, and will not participate, in any action contrary to numbers K-1-a through K-1-c; or
  - b. he or she is not the person in the firm's organization responsible within that organization for the decision as to the prices being offered herein, but that he or she has been authorized in writing to act as agent for the persons responsible for such decisions in certifying that such persons have not participated, and will not participate in any action contrary to number K-1-a through K-1-c, and as to their agent does hereby so certify; and,
  - c. He or she has not participated, and will not participate, in any action contrary to numbers K-1-a through K-1-c.

A proposal will not be considered for award where numbers K-1-a, K-1-c, or K-2 have been deleted or modified. Where number K-1-b has been deleted or modified, the proposal will not be considered for award unless the firm furnished with the proposal a signed statement which sets forth in detail the circumstances of the disclosure and the State Auditor or his designee determines that such disclosure was not made for the purpose of restricting competition.




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SIGNATURE

Vice-President

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TITLE

Fortenberry & Ballard, PC

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FIRM

**CONTRACT FOR PROFESSIONAL SERVICES**

This document reflects a contractual agreement entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2017 among the Office of the State Auditor, Madison County (herein referred to as the "County") and Fortenberry & Ballard, PC (herein referred to as the "Firm") to provide services, materials and personnel to perform the work as specified in paragraph 1.

Scope of Services

1. The County and the Office of the State Auditor desire to engage the Firm to render the following professional audit services for the County for the 2016-2017 and 2017- 2018 fiscal years:
  - A. Perform a financial audit for all funds of the County.
  - B. Perform a compliance audit with applicable state and federal laws and regulations.
  - C. Perform Items A and B above in conformity with professional standards, laws, rules, regulations and guidelines as contained in, but not limited to, the documents identified in paragraph 4 of this contract.

Indicate which type of financial reporting framework of financial statement reporting for performance of audit services:

**Initial Applicable Framework (Select Only One)**

County Representative	CPA Firm Representative	Type of Framework of Financial Statement Reporting
	<u>BB</u>	General Purpose Financial Reporting Framework (GAAP)
		Special Purpose Financial Reporting Framework (Cash Basis-OCBOA)

Authorized Representatives

2. The following people have been empowered to act as the duly authorized representatives for this contract:

Office of the State Auditor

**Name:** Stephanie C. Palmertree, CPA  
**Title:** Director, Department of Audit  
**Address:** P. O. Box 956, Jackson, MS 39205

Madison County, Mississippi

**Name:** Ronny Lott  
**Title:** Chancery Clerk  
**Address:** P.O. Box 404, Canton, MS 39046

Fortenberry & Ballard, PC CPA Firm

**Name:** Brent Ballard  
**Title:** President  
**Address:** 1929 Spillway Road, Suite B, Brandon, MS 39047

Notices All notices required or permitted to be given under this Contract must be in writing and personally delivered or sent by facsimile provided that the original of such notice is sent by certified United States mail postage prepaid, return receipt requested, or overnight courier with signed receipt, to the party to whom this notice should be given as indicated above. Notice shall be deemed given when actually received or when refused. The parties agree to promptly notify each other in writing of any change of address.

Contract Fee Consideration

3. The Firm shall receive as compensation to be paid by the County for the described auditing services a fee not to exceed:

\$39,200 for the audit for the 2016 - 2017 fiscal year.

\$39,200 for the audit for the 2017- 2018 fiscal year.

The said fee is based on:

490 hours at \$80 per hour for the 2016 – 2017 fiscal year audit.

490 hours at \$80 per hour for the 2017 – 2018 fiscal year audit.

The Firm shall not receive as compensation an amount greater than the actual hours worked multiplied by the rate per hour for the applicable fiscal year. The Firm will receive no more than the agreed upon compensation no matter the number of hours worked except as provided in paragraph 18.

Compliance with Laws and Professional Standards

4. The professional services will be performed in conformity with the following:
- A. Generally accepted auditing standards and the industry audit guide, Audits of State and Local Governmental Units, established by the American Institute of Certified Public Accountants.
  - B. Statements of financial accounting standards as prescribed by the Financial Accounting Standards Board and the Governmental Accounting Standards Board as applicable, if the County is presenting its financial statements under a Special Purpose Framework (OCBOA).
  - C. Government Auditing Standards, as required by the U.S. Government Accountability Office(The Yellow Book).
  - D. OMB Uniform Grant Guidance, Audits of States, Local governments, and Non-profit Organizations.
  - E. The Single Audit Act Amendments of 1996.
  - F. Mississippi Code Annotated (1972) for compliance with applicable state laws.
  - G. A state legal compliance audit program given the Firm by the Office of the State Auditor.
  - H. Attestation standards established by the American Institute of Certified Public Accountants as applicable to the examination of the Purchasing System and Inventory Control System.

Reportable Findings

5. The Firm shall report immediately to the County and the Office of the State Auditor any preliminary findings of possible fraud, misapplication or misappropriation of funds.

Termination of Contract

6. The County, with the written consent of the Office of the State Auditor, has the right to reject any work not meeting the terms of this contract. Should either reject any services, the County's or the Office of the State Auditor's authorized representative shall notify the Firm in writing of such rejection giving reason therefore. The right to reject services shall extend throughout the terms of this contract. However, prior to termination of this contract by the County, the County must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The County must obtain written approval from the Office of the State Auditor prior to terminating the contract.

Firm's Requirements of Services

7. The Firm shall provide a draft report and the workpapers, if requested, to the Office of the State Auditor for review and approval. If a Single Audit, this must be provided to the Office of the State Auditor no later than April 30, 2018, for the fiscal year 2017 audit and April 30, 2019, for the fiscal year 2018 audit. If there is no Single Audit, the draft report and completed workpapers, if requested, must be provided to the Office of the State Auditor no later than June 30, 2018, for the fiscal year 2017 audit and June 30, 2019, for the fiscal year 2018 audit. Upon written notification by the Office of the State Auditor, the Firm shall make any necessary corrections to the report due to this review, and these corrections shall be made within two weeks of such notification. The records shall be maintained for at least five (5) years; however if any litigation or other legal action has begun that is not completed at the end of the five (5) year period, or if audit findings, litigation or other legal action has not been resolved at the end of the five (5) year period, the records shall be retained until resolution.

Responsibility of Firm to Distribute Audit Report

8. If a Single Audit, the Firm shall provide four (4) copies of the completed signed report and (1) CD/electronic media/email ( [schoolauditadmin@osa.ms.gov](mailto:schoolauditadmin@osa.ms.gov) ) containing a Final Report Adobe PDF File to the Office of the State Auditor by June 30, 2018 for the fiscal year 2017 audit and June 30, 2019 for the fiscal year 2018 audit. If a Single Audit, the Data Collection Form (Form SF-SAC) and one copy of the approved Single Audit reporting package, as required by OMB Uniform Grant Guidance, should be filed electronically with the Federal Audit Clearinghouse. Instructions for the filing may be accessed at <http://harvester.census.gov/fac/index.html>. If there is no Single Audit, the Firm shall provide four (4) copies of the completed signed report and (1) CD/electronic media/email ( [schoolauditadmin@osa.ms.gov](mailto:schoolauditadmin@osa.ms.gov) ) containing a Final Report Adobe PDF File to the Office of the State Auditor by August 31, 2018 for the fiscal year 2017 audit and August 31, 2019 for the fiscal year 2018 audit. Also the firm should provide the Office of the State Auditor with the total amount of federal expenditures for each fiscal year.

The Firm shall also provide six (6) copies of the completed signed reports to the County, with synopsis instructions, at the same time it provides the reports discussed above.

Engagement Letter

9. The Firm should provide an engagement letter for the audit which contains the price quote.

Progress Reports

10. The Firm shall keep on file monthly progress reports which detail the work completed during the month and shall make these reports available to the County and/or the Office of the State Auditor for review, if requested.

Payment

11. The Firm will be entitled to interim payments, which shall not exceed 70% of the contract amount for the applicable fiscal year, from the County. The Firm shall submit a final invoice for all work performed. This invoice shall provide the number of hours worked by each employee. The final payment of the annual

contract amount will be paid by the County upon completion of the audit services and acceptance by the Office of the State Auditor and the County. The County shall not pay any part of the final 30% owed the firm until the County has received written permission from the Office of the State Auditor to do so. The Firm will not be entitled to compensation from the County for correction of any deficient work found in the Office of the State Auditor's review.

Approval

12. The authorized representative of the Office of the State Auditor is empowered to accept and approve, or reject the services furnished by the Firm in compliance with the provisions of this contract and the attached schedule. No payment, including final payment, shall be construed as acceptance of defective or incomplete work and the Firm shall remain responsible and liable for full performance.

Contract Expiration

13. The contract shall expire 120 days after the final services have been rendered.

Ownership of Documents and Work Papers Upon Termination of Contract

14. The work papers remain the property of the Firm. All other files, notes, correspondence and all other data compiled during the audit shall be available without cost to the County and the Office of the State Auditor for examination and abstracting during normal business hours of any business day. The records shall be maintained for at least five (5) years as required in paragraph 7 of this contract. If, through any cause, the Firm shall fail to fulfill in a timely and proper manner, as determined by the County and/or the Office of the State Auditor, its obligations under this contract, or if the Firm shall violate any of the covenants, agreements, or stipulations of this contract, the County, with the written consent of the Office of the State Auditor, shall thereupon have the right to terminate this contract by giving written notice to the Firm of such termination and specifying the effective date of such termination. However, prior to termination of this contract by the County, the County must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The County must obtain written approval from the Office of the State Auditor prior to terminating the contract. Furthermore, the Firm should notify the Office of the State Auditor and the County as soon as possible if the deadlines cannot be met. In the event the contract is terminated, the Firm will provide reasonable assistance to successor auditors in accordance with the applicable professional standards.

Reduction of Compensation

15. If the Firm fails to meet the submission date for the draft report described in paragraph 7, the County may reduce the agreed compensation by 5% of the contract price for the applicable fiscal year.

If the Firm fails to meet the submission date for the final reports described in paragraph 8 by less than thirty days, the County may reduce the agreed compensation by 10% of the contract price for the applicable fiscal year. If the reports described in paragraph 8 are overdue by thirty days or more, the County may reduce the agreed compensation by 20% of the total contract price for the applicable fiscal year.

Contract Termination Compensation

16. The County, with the written consent of the Office of the State Auditor, may terminate this contract at any time, for any reason other than those reasons contained in paragraph 14 above, by giving written notice to the Firm of such termination and specifying the effective date thereof, at least ten days before the effective date of such termination. However, prior to termination of this contract by the County, the County must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The County must obtain written approval from the Office of the State Auditor prior to terminating the contract. In the event the contract is terminated, the Firm will provide reasonable assistance to successor auditors in accordance with the applicable professional standards. If the contract is

terminated by the County and/or the Office of the State Auditor as provided herein, the Firm will be paid an amount which bears the same ratio to the total services of the Firm covered by the contract as supported by detailed invoices submitted to the County by the Firm identifying hours worked on the contract.

Termination of Contract

17. In the event the County and/or the Office of the State Auditor exercises its right to terminate this contract pursuant to paragraph 6 and/or paragraph 14 of this contract, the Firm shall bear all costs associated with the issuance of a new contract. However, prior to termination of this contract by the County, the County must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The County must obtain written approval from the Office of the State Auditor prior to terminating the contract. Also, the Firm shall notify the County and the Office of the State Auditor of any potential conflict of interest resulting from service to other clients. If such conflict cannot be resolved to the County's satisfaction, the County reserves the right to terminate this contract with the written consent of the Office of the State Auditor.

Modification or Renegotiation

18. The County, Office of the State Auditor, or the Firm may request changes in the scope of services to be performed by the Firm. Such changes, including any increase or decrease in the amount of the Firm's compensation, which are mutually agreed upon by and between the County, or its duly authorized representative, and the Firm, shall be included in written amendments to this contract and subject to approval by the Office of the State Auditor.

Contractor Requirements

19. The Firm shall, during the entire term of this contract, be construed to be an independent contractor. Nothing in this contract is intended to nor shall be construed to create an employer-employee relationship, or a joint venture relationship.

The Firm represents that it is qualified to perform the duties to be performed under this contract and that it has, or will secure, if needed, at its own expense, applicable personnel who are qualified to perform the duties required under this contract. Such personnel shall not be deemed in any way, directly or indirectly, expressly or by implication, to be employees of the County.

Any person assigned by the Firm to perform the services hereunder shall be an employee or a subcontractor of the Firm who shall have the sole right to hire and discharge its employees or subcontractors.

The Firm or its subcontractors shall pay, when due, all salaries and wages of their employees and accepts exclusive responsibility for the payment of federal income tax, social security, unemployment compensation and any other withholdings that may be required.

Neither the Firm, its subcontractors nor their employees are entitled to state retirement or leave benefits.

It is further understood that the consideration expressed herein constitutes full and complete compensation for all services and performance hereunder, and that any sum due and payable to the Firm shall be paid as a gross sum with no withholdings or deductions being made by the County for any purpose from said contract sum, except as permitted in paragraphs 14, 15 and 16.

**Indemnification:** To the fullest extent allowed by law, the Firm shall indemnify, defend, save and hold harmless, protect, and exonerate the County, its officers, employees, agents and representatives, and the State of Mississippi from and against all claims, demands, liabilities, suits, actions, damages, losses and costs of every kind and nature whatsoever, including, without limitation, court costs, investigative fees and expenses, and attorneys' fees, and claims for damage arising out of or caused by the firm and/or its partners, principals, agents, employees and/or subcontractors in the performance of or failure to perform this Contract.

Third Party Action Notification: The Firm shall notify the County in writing within five (5) business days of its receipt of liquidation or receivership proceedings or within five (5) business days of its receipt of notification of any action or suit being filed or any claim being made against the Firm or the County by any entity that may result in litigation related in any way to this Contract and/or which may affect the Firm's performance under this Contract. Failure of the Firm to provide such written notice to the County shall be considered a material breach of this Contract and the County may, at its sole discretion, pursue its rights as set forth in the Termination clauses herein and any other remedies it may have at law or in equity.

Confidential Information

20. The Firm will be granted access to all client and claimant information necessary for completion of the audit services described herein. The Firm and the Office of the State Auditor assure the County that any and all information regarding clients and claimants of the County will be kept strictly confidential. Any use or release of client or claimant information for purposes other than to fulfill the Firm's or the Office of the State Auditor's responsibilities under this contract must have the prior written approval of the County.

Contract Governance

21. This contract shall be construed and governed in accordance with the laws of the State of Mississippi, and venue for the resolution of any dispute shall be Jackson, Hinds County, Mississippi. The Firm expressly agrees that under no circumstances shall the Office of the State Auditor and/or the County be obligated to pay an attorney's fee or the cost of legal action to the Firm.

Disputes and Arbitration

22. Any dispute concerning a question of fact arising under this contract shall be disposed of by good faith negotiation between duly authorized representatives of the County, the Office of the State Auditor, and the Firm. Such a resolution shall be reduced to writing and a copy thereof mailed or furnished to the Firm and shall be final and conclusive. If a resolution cannot be reached, the Firm shall mail or furnish to the Board of Supervisors of the County and the Office of the State Auditor a written request for review. The Firm shall be afforded an opportunity to be heard and to offer evidence in support of his/her/its position on the issue in dispute and under review. The review will be handled under a three (3) person panel for arbitration composed of the Deputy State Auditor, the Director of Technical Assistance and the Director of the Financial and Compliance Audit Division. The decision of the Arbitration Panel of the Office of the State Auditor on the review shall be final and conclusive unless determined by a court of competent jurisdiction in Hinds County, State of Mississippi, to have been fraudulent, capricious, or so grossly erroneous as necessarily to imply bad faith, or not be supported by substantial evidence. Pending final decision of a dispute hereunder, the Firm shall proceed diligently with the performance of the duties and obligations of the contract.

Compliance with Laws

23. The Firm shall comply with all applicable laws, regulations, policies and procedures, and grant requirements (if applicable) of the United States of America or any agency thereof, the State of Mississippi or any agency thereof and any local governments or political subdivisions that may affect the performance of services under this contract. Specifically, but not limited to, the Firm shall not discriminate against any employee nor shall any party be subject to discrimination in the performance of this contract because of race, creed, color, sex, age, national origin or disability.

Change in Scope of Work

24. Modification, changes or amendments to this contract may be made upon mutual agreement of the parties hereto. However, any change, supplement, modification or amendment of any term, provision or condition of this contract must be in writing and signed by all parties hereto.

Assignment

25. The Firm shall not assign or otherwise transfer the obligation incurred on its part pursuant to the terms of this contract without the prior written consent of the County and the Office of the State Auditor. Any attempted assignment or transfer of its obligations without such consent shall be null and void. All obligations and duties of either party under this contract shall be binding on all successors in interest or assigns of such party.

Failure to Enforce

26. Failure of any party hereto to insist upon strict compliance with any of the terms, covenants and conditions hereof shall not be deemed a waiver or relinquishment of any similar right or power hereunder at any subsequent time or of any other provision hereof, nor shall it be construed to be a modification of the terms of this contract.

Availability of Funds

27. It is expressly understood by the parties hereto that the fulfillment of the obligations of the County under this agreement is conditioned upon the availability and receipt of funds. In the event that funds are insufficient or otherwise unavailable to satisfy payment due under this agreement, the County shall not be obligated to make such payments, and all further obligations of the County under this agreement shall cease immediately, without penalty, cost or expense to the County of any kind whatsoever. In the event of such insufficiency or unavailability of funding, the County shall notify the Firm in writing, of such event, and this agreement shall be void.

Insurance Requirements

28. Firm represents that it will maintain workers' compensation insurance, if applicable, which shall inure to the benefit of all Firm's personnel provided hereunder, comprehensive general liability or professional liability insurance, and where applicable, employee fidelity bond insurance.

Severability

29. If any term or provision of this contract is prohibited by the laws of the State of Mississippi or declared invalid or void by a court of competent jurisdiction, the remainder of this contract shall not be affected thereby and each term and provision of this contract shall be valid and enforceable to the fullest extent permitted by law.

Entire Agreement

30. This contract constitutes the entire agreement of the parties with respect to the subject matter contained herein and supersedes and replaces any and all prior negotiations, understandings and agreements, written or oral, between the parties relating thereto.

Address Changes

31. The parties agree to promptly notify each other of any change of address.

Employee Status Verification System

32. Firm represents and warrants that it will ensure its compliance with the Mississippi Employment Protection Act (Senate Bill 2988 from the 2008 Regular Legislative Session) and will register and participate in the status verification system for all newly hired employees. The term "employee" as used herein means any person that is hired to perform work within the State of Mississippi. As used herein, "status verification system" means the Illegal Immigration Reform and Immigration Responsibility Act of 1996 that is operated by the United States Department of Homeland Security, also known as the E-Verify Program, or any other successor electronic verification system replacing the E-Verify Program. Firm agrees to maintain records of such compliance and, upon request of the State, to provide a copy of each such verification to the State.



Firm further represents and warrants that any person assigned to perform services hereunder meets the employment eligibility requirements of all immigration laws of the State of Mississippi. Firm understands and agrees that any breach of these warranties may subject Firm to the following: (a) termination of the Agreement and ineligibility for any state or public contract in Mississippi for up to three (3) years, with notice of such cancellation/ termination being made public, or (b) the loss of any license, permit, certification or other document granted to firm by an agency, department or governmental entity for the right to do business in Mississippi for up to one (1) year, or (c) both. In the event of such termination/cancellation, Firm would also be liable for any additional costs incurred by the State due to contract cancellation or loss of license or permit.”

Representation Regarding Contingent Fees

33. The Firm represents that it has not retained a person to solicit or secure a State contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except as disclosed in the contractor’s bid or proposal (if applicable).

Representation Regarding Gratuities

34. The Firm represents that it has not violated, is not violating, and promises that it will not violate the prohibition against gratuities set forth in Section 7-204 (Gratuities) of the “Mississippi Personal Service Contract Procurement Regulations.”

Certification of Independent Price Determination

35. The Firm certifies that the price submitted in response to the solicitation has been arrived at independently and without - for the purpose of restricting competition - any consultation, communication, or agreement with any other bidder or competitor relating to the price, the intention to submit a bid, or the methods or factors used to calculate the price bid.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions

36. The Firm certifies to the best of its knowledge and belief, that it and its principals:
- A. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
  - B. Have not within a three-year period preceding this contract been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - C. Are not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in item b. of this certification; and
  - D. Have not within a three-year period preceding this contract had one or more public transactions (Federal, State or local) terminated for cause or default.

Whistleblower Protection

37. Section 1553 of Division A, Title XV of the American Recovery and Reinvestment Act of 2009, P.L. 111-5, provides protections for certain individuals who make specified disclosures relating to Recovery Act funds.

Any non-federal employer receiving recovery funds is required to post a notice of the rights and remedies provided under this section of the Act.

Reporting Requirements

38. The firm is notified that this contract may be paid in full or part with American Recovery and Reinvestment Act of 2009 (hereinafter, "ARRA") Funds. The Firm shall ensure that all subcontracts and other contracts for goods and services for an ARRA-funded project have the mandated provisions of this directive in their contracts. Pursuant to Title XV, Section 1512 of the ARRA, the Agency shall require that the contractor provide reports and other employment information as evidence to document the number of jobs created or jobs retained by this contract from the Firm's own workforce and any subcontractors. No direct payment will be made for providing said reports, as the cost for same shall be included in the various items in the contract.

Required Contract Provision to Implement ARRA Section 902

39. Section 902 of the ARRA requires that each contract awarded using ARRA funds must include a provision that provides the U.S. Comptroller General and his representatives with the authority to:
- A. Examine any records of the Firm or any of its subcontractors, or any State or local agency administering such contract, that directly pertain to, and involve transactions relating to, the contract or subcontract; and
  - B. Interview any officer or employee of the firm or any of its subcontractors, or of any State or local government agency administering the contract, regarding such transactions.

Accordingly, the Comptroller General and his representatives shall have the authority and rights prescribed under Section 902 of the ARRA with respect to contracts funded with recovery funds made available under the ARRA. Section 902 further states that nothing in 902 shall be interpreted to limit or restrict in any way any existing authority of the Comptroller General.

Authority of the Inspector General Provision

40. Section 1515(a) of the ARRA provides authority for any representatives of the United States Inspector General to examine any records or interview any employee or officers working on this contract. The Firm is advised that representatives of the Inspector General have the authority to examine any record and interview any employee or officer of the Firm, its subcontractors or other firms working on this contract. Section 1515(b) further provides that nothing in this section shall be interpreted to limit or restrict in any way any existing authority of an Inspector General.

Availability and Use of Funds

41. The Firm understands and acknowledges that any and all payment of funds or the continuation thereof is contingent upon funds provided solely by ARRA or required state matching funds. Pursuant to Section 1604 of the ARRA, contractors agree not to undertake or make progress toward any activity using recovery funds that will lead to the development of such activity as casinos or other gambling establishments, aquariums, zoos, golf courses, swimming pools or any other activity specifically prohibited by the Recovery Act.

Federal, State and Local Tax Obligations

42. The Firm asserts and self-certifies that all Federal, State and local tax obligations have been or will be satisfied prior to receiving recovery funds.

Anti-Discrimination and Equal Opportunity

43. Pursuant to Section 1.7 of the guidance memorandum issued by the United States Office of Management and Budget on April 3, 2009, ARRA Recovery funds must be distributed in accordance with all Anti-discrimination and equal opportunity statutes, regulations, and Executive Orders pertaining to the expenditure of funds.

Additional Requirements

The Firm agrees to comply with additional requirements imposed by ARRA regulations upon notification.

In witness of where this contract has been entered into and executed by the parties hereto in triplicate originals.

**COUNTY REPRESENTATIVES**

COUNTY: \_\_\_\_\_

SIGNED: \_\_\_\_\_

WITNESS: \_\_\_\_\_

TITLE: President, Board of Supervisors

DATE: \_\_\_\_\_

SIGNED: \_\_\_\_\_

WITNESS: \_\_\_\_\_

TITLE: Chancery Clerk

DATE: \_\_\_\_\_

**FIRM REPRESENTATIVE**

CPA FIRM: Fortenberry & Ballard, PC

SIGNED: Brew Ballard

WITNESS: [Signature]

TITLE: President

Date: August 23, 2017

**OFFICE OF THE STATE AUDITOR**

SIGNED:

WITNESS:

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TITLE: Director, Department of Audit

DATE: \_\_\_\_\_

**CONTRACT FOR PROFESSIONAL SERVICES**

This document reflects a contractual agreement entered into as of the \_\_\_ day of \_\_\_\_\_, 2017 among the Office of the State Auditor, \_\_\_\_\_ Madison County \_\_\_\_\_ (herein referred to as the "County") and \_\_\_\_\_ Fortenberry & Ballard, PC. \_\_\_\_\_ (herein referred to as the "Firm") to provide services, materials and personnel to perform the work as specified in paragraph 1.

Scope of Services

1. The County and the Office of the State Auditor desire to engage the Firm to render the following professional audit services for the County for the 2016-2017 and 2017-2018 fiscal years:
  - A. Perform a financial audit for all funds of the County.
  - B. Perform a compliance audit with applicable state and federal laws and regulations.
  - C. Perform Items A and B above in conformity with professional standards, laws, rules, regulations and guidelines as contained in, but not limited to, the documents identified in paragraph 4 of this contract.

Indicate which type of financial reporting framework of financial statement reporting for performance of audit services:  
**Initial Applicable Framework (Select Only One)**

County Representative	CPA Firm Representative	Type of Framework of Financial Statement Reporting
		General Purpose Financial Reporting Framework (GAAP)
		Special Purpose Financial Reporting Framework (Cash Basis-OCBOA)

Authorized Representatives

2. The following people have been empowered to act as the duly authorized representatives for this contract:

Office of the State Auditor

**Name:** Pat Dendy, CPA  
**Title:** Deputy State Auditor  
**Address:** P. O. Box 956, Jackson, MS 39205

Madison County, Mississippi

**Name:** Ronny Lott  
**Title:** Chancery Clerk  
**Address:** P.O. Box 404, Canton, MS 39046

Fortenberry & Ballard, P.C. CPA Firm

**Name:** Brent Ballard  
**Title:** President  
**Address:** 1929 Spillway Road, Suite B, Brandon, MS 39047

Notices All notices required or permitted to be given under this Contract must be in writing and personally delivered or sent by facsimile provided that the original of such notice is sent by certified United States mail postage prepaid, return receipt requested, or overnight courier with signed receipt, to the party to whom this notice should be given as indicated above. Notice shall be deemed given when actually received or when refused. The parties agree to promptly notify each other in writing of any change of address.

Contract Fee Consideration

3. The Firm shall receive as compensation to be paid by the County for the described auditing services a fee not to exceed:

\$39,200 for the audit for the 2016-2017 fiscal year.

\$39,200 for the audit for the 2017-2018 fiscal year.

The said fee is based on:

490 hours at \$80 per hour for the 2016-2017 fiscal year audit.

490 hours at \$80 per hour for the 2017-2018 fiscal year audit.

The Firm shall not receive as compensation an amount greater than the actual hours worked multiplied by the rate per hour for the applicable fiscal year. The Firm will receive no more than the agreed upon compensation no matter the number of hours worked except as provided in paragraph 18.

Compliance with Laws and Professional Standards

4. The professional services will be performed in conformity with the following:
- A. Generally accepted auditing standards and the industry audit guide, Audits of State and Local Governmental Units, established by the American Institute of Certified Public Accountants.
  - B. Statements of financial accounting standards as prescribed by the Financial Accounting Standards Board and the Governmental Accounting Standards Board as applicable, if the County is presenting its financial statements under a Special Purpose Framework (OCBOA).
  - C. Government Auditing Standards, as required by the U.S. Government Accountability Office (The Yellow Book).
  - D. Specific grant compliance matters contained in the Office of the Management and Budget (OMB) Compliance Supplement and any other pertinent grant compliance guidance.
  - E. The Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
  - F. The Single Audit Act Amendments of 1996.
  - G. Mississippi Code Annotated (1972) for compliance with applicable state laws.
  - H. A state legal compliance audit program given the Firm by the Office of the State Auditor.
  - I. Attestation standards established by the American Institute of Certified Public Accountants as applicable to the examination of the Purchasing System and Inventory Control System.

Reportable Findings

5. The Firm shall report immediately to the County and the Office of the State Auditor any preliminary findings

of possible fraud, misapplication or misappropriation of funds.

#### Termination of Contract

6. The County, with the written consent of the Office of the State Auditor, has the right to reject any work not meeting the terms of this contract. Should either reject any services, the County's or the Office of the State Auditor's authorized representative shall notify the Firm in writing of such rejection giving reason therefore. The right to reject services shall extend throughout the terms of this contract. However, prior to termination of this contract by the County, the County must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The County must obtain written approval from the Office of the State Auditor prior to terminating the contract.

#### Firm's Requirements of Services

7. The Firm shall provide a draft report and the workpapers, if requested, to the Office of the State Auditor for review and approval. If a Single Audit, this must be provided to the Office of the State Auditor no later than June 30, 2018, for the fiscal year 2017 audit and June 30, 2019, for the fiscal year 2018 audit. If there is no Single Audit, the draft report and completed workpapers, if requested, must be provided to the Office of the State Auditor no later than June 30, 2018, for the fiscal year 2017 audit and June 30, 2019, for the fiscal year 2018 audit. Upon written notification by the Office of the State Auditor, the Firm shall make any necessary corrections to the report due to this review, and these corrections shall be made within two weeks of such notification. The records shall be maintained for at least five (5) years; however if any litigation or other legal action has begun that is not completed at the end of the five (5) year period, or if audit findings, litigation or other legal action has not been resolved at the end of the five (5) year period, the records shall be retained until resolution.

#### Responsibility of Firm to Distribute Audit Report

8. If a Single Audit, the Firm shall provide four (4) copies of the completed signed report and (1) CD/electronic media containing a Final Report Adobe PDF File to the Office of the State Auditor by June 30, 2018 for the fiscal year 2017 audit and June 30, 2019 for the fiscal year 2018 audit. If a Single Audit, the Data Collection Form (Form SF-SAC) and one copy of the approved Single Audit reporting package, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards should be filed electronically with the Federal Audit Clearinghouse. Instructions for the filing may be accessed at <http://harvester.census.gov/fac/index.html>. If there is no Single Audit, the Firm shall provide four (4) copies of the completed signed report and (1) CD/electronic media containing a Final Report Adobe PDF File to the Office of the State Auditor by August 31, 2018 for the fiscal year 2017 audit and August 31, 2019 for the fiscal year 2018 audit.

The Firm shall also provide six (6) copies of the completed signed reports to the County, with synopsis instructions, at the same time it provides the reports discussed above.

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Firm until the County has received written permission from the Office of the State Auditor to do so. The Firm will not be entitled to compensation from the County for correction of any deficient work found in the Office of the State Auditor's review.

#### Approval

12. The authorized representative of the Office of the State Auditor is empowered to accept and approve, or reject the services furnished by the Firm in compliance with the provisions of this contract and the attached schedule. No payment, including final payment, shall be construed as acceptance of defective or incomplete work and the Firm shall remain responsible and liable for full performance.

#### Contract Expiration

13. The contract shall expire 120 days after the final services have been rendered.

#### Ownership of Documents and Work Papers Upon Termination of Contract

14. The work papers remain the property of the Firm. All other files, notes, correspondence and all other data compiled during the audit shall be available without cost to the County and the Office of the State Auditor for examination and abstracting during normal business hours of any business day. The records shall be maintained for at least five (5) years as required in paragraph 7 of this contract. If, through any cause, the Firm shall fail to fulfill in a timely and proper manner, as determined by the County and/or the Office of the State Auditor, its obligations under this contract, or if the Firm shall violate any of the covenants, agreements, or stipulations of this contract, the County, with the written consent of the Office of the State Auditor, shall thereupon have the right to terminate this contract by giving written notice to the Firm of such termination and specifying the effective date of such termination. However, prior to termination of this contract by the County, the County must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The County must obtain written approval from the Office of the State Auditor prior to terminating the contract. Furthermore, the Firm should notify the Office of the State Auditor and the county as soon as possible if the deadlines cannot be met. In the event the contract is terminated, the Firm will provide reasonable assistance to successor auditors in accordance with the applicable professional standards.

#### Reduction of Compensation

15. If the Firm fails to meet the submission date for the draft report described in paragraph 7, the County may reduce the agreed compensation by 5% of the contract price for the applicable fiscal year.

If the Firm fails to meet the submission date for the final reports described in paragraph 8 by less than thirty days, the County may reduce the agreed compensation by 10% of the contract price for the applicable fiscal year. If the reports described in paragraph 8 are overdue by thirty days or more, the County may reduce the agreed compensation by 20% of the total contract price for the applicable fiscal year.

#### Contract Termination Compensation

16. The County, with the written consent of the Office of the State Auditor, may terminate this contract at any time, for any reason other than those reasons contained in paragraph 14 above, by giving written notice to the Firm of such termination and specifying the effective date thereof, at least ten days before the effective date of such termination. However, prior to termination of this contract by the County, the County must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The County must obtain written approval from the Office of the State Auditor prior to terminating the contract. In the event the contract is terminated, the Firm will provide reasonable assistance to successor auditors in accordance with the applicable professional standards. If the contract is terminated by the County and/or the Office of the State Auditor as provided herein, the Firm will be paid an amount which bears the same ratio to the total services of the Firm covered by the contract as supported by detailed invoices submitted to the County by the Firm identifying hours worked on the contract.



### Termination of Contract

17. In the event the County and/or the Office of the State Auditor exercises its right to terminate this contract pursuant to paragraph 6 and/or paragraph 14 of this contract, the Firm shall bear all costs associated with the issuance of a new contract. However, prior to termination of this contract by the County, the County must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The County must obtain written approval from the Office of the State Auditor prior to terminating the contract. Also, the Firm shall notify the County and the Office of the State Auditor of any potential conflict of interest resulting from service to other clients. If such conflict cannot be resolved to the County's satisfaction, the County reserves the right to terminate this contract with the written consent of the Office of the State Auditor.

### Modification or Renegotiation

18. The County, Office of the State Auditor, or the Firm may request changes in the scope of services to be performed by the Firm. Such changes, including any increase or decrease in the amount of the Firm's compensation, which are mutually agreed upon by and between the County, or its duly authorized representative, and the Firm, shall be included in written amendments to this contract and subject to approval by the Office of the State Auditor.

### Contractor Requirements

19. The Firm shall, during the entire term of this contract, be construed to be an independent contractor. Nothing in this contract is intended to nor shall be construed to create an employer-employee relationship, or a joint venture relationship.

The Firm represents that it is qualified to perform the duties to be performed under this contract and that it has, or will secure, if needed, at its own expense, applicable personnel who are qualified to perform the duties required under this contract. Such personnel shall not be deemed in any way, directly or indirectly, expressly or by implication, to be employees of the County.

Any person assigned by the Firm to perform the services hereunder shall be an employee or a subcontractor of the Firm who shall have the sole right to hire and discharge its employees or subcontractors.

The Firm or its subcontractors shall pay, when due, all salaries and wages of their employees and accepts exclusive responsibility for the payment of federal income tax, social security, unemployment compensation and any other withholdings that may be required.

Neither the Firm, its subcontractors nor their employees are entitled to state retirement or leave benefits.

It is further understood that the consideration expressed herein constitutes full and complete compensation for all services and performance hereunder, and that any sum due and payable to the Firm shall be paid as a gross sum with no withholdings or deductions being made by the County for any purpose from said contract sum, except as permitted in paragraphs 14, 15 and 16.

**Indemnification:** To the fullest extent allowed by law, the Firm shall indemnify, defend, save and hold harmless, protect, and exonerate the County, its officers, employees, agents and representatives, and the State of Mississippi from and against all claims, demands, liabilities, suits, actions, damages, losses and costs of every kind and nature whatsoever, including, without limitation, court costs, investigative fees and expenses, and attorneys' fees, and claims for damage arising out of or caused by the firm and/or its partners, principals, agents, employees and/or subcontractors in the performance of or failure to perform this Contract.

Third Party Action Notification: The Firm shall notify the County in writing within five (5) business days of its receipt of liquidation or receivership proceedings or within five (5) business days of its receipt of notification of any action or suit being filed or any claim being made against the Firm or the County by any entity that may result in litigation related in any way to this Contract and/or which may affect the Firm's performance under this Contract. Failure of the Firm to provide such written notice to the County shall be considered a material breach of this Contract and the County may, at its sole discretion, pursue its rights as set forth in the Termination clauses herein and any other remedies it may have at law or in equity.

#### Confidential Information

20. The Firm will be granted access to all client and claimant information necessary for completion of the audit services described herein. The Firm and the Office of the State Auditor assure the County that any and all information regarding clients and claimants of the County will be kept strictly confidential. Any use or release of client or claimant information for purposes other than to fulfill the Firm's or the Office of the State Auditor's responsibilities under this contract must have the prior written approval of the County.

#### Contract Governance

21. This contract shall be construed and governed in accordance with the laws of the State of Mississippi, and venue for the resolution of any dispute shall be Jackson, Hinds County, Mississippi. The Firm expressly agrees that under no circumstances shall the Office of the State Auditor and/or the County be obligated to pay an attorney's fee or the cost of legal action to the Firm.

#### Disputes and Arbitration

22. Any dispute concerning a question of fact arising under this contract shall be disposed of by good faith negotiation between duly authorized representatives of the County, the Office of the State Auditor, and the Firm. Such a resolution shall be reduced to writing and a copy thereof mailed or furnished to the Firm and shall be final and conclusive. If a resolution cannot be reached, the Firm shall mail or furnish to the Board of Supervisors of the County and the Office of the State Auditor a written request for review. The Firm shall be afforded an opportunity to be heard and to offer evidence in support of his/her/its position on the issue in dispute and under review. The review will be handled under a three (3) person panel for arbitration composed of the Deputy State Auditor, the Director of Technical Assistance and the Director of the Financial and Compliance Audit Division. The decision of the Arbitration Panel of the Office of the State Auditor on the review shall be final and conclusive unless determined by a court of competent jurisdiction in Hinds County, State of Mississippi, to have been fraudulent, capricious, or so grossly erroneous as necessarily to imply bad faith, or not be supported by substantial evidence. Pending final decision of a dispute hereunder, the Firm shall proceed diligently with the performance of the duties and obligations of the contract.

#### Compliance with Laws

23. The Firm shall comply with all applicable laws, regulations, policies and procedures, and grant requirements (if applicable) of the United States of America or any agency thereof, the State of Mississippi or any agency thereof and any local governments or political subdivisions that may affect the performance of services under this contract. Specifically, but not limited to, the Firm shall not discriminate against any employee nor shall any party be subject to discrimination in the performance of this contract because of race, creed, color, sex, age, national origin or disability.

#### Change in Scope of Work

24. Modification, changes or amendments to this contract may be made upon mutual agreement of the parties hereto. However, any change, supplement, modification or amendment of any term, provision or condition of this contract must be in writing and signed by all parties hereto.

Assignment

25. The Firm shall not assign or otherwise transfer the obligation incurred on its part pursuant to the terms of this contract without the prior written consent of the County and the Office of the State Auditor. Any attempted assignment or transfer of its obligations without such consent shall be null and void. All obligations and duties of either party under this contract shall be binding on all successors in interest or assigns of such party.

Failure to Enforce

26. Failure of any party hereto to insist upon strict compliance with any of the terms, covenants and conditions hereof shall not be deemed a waiver or relinquishment of any similar right or power hereunder at any subsequent time or of any other provision hereof, nor shall it be construed to be a modification of the terms of this contract.

Availability of Funds

27. It is expressly understood by the parties hereto that the fulfillment of the obligations of the County under this agreement is conditioned upon the availability and receipt of funds. In the event that funds are insufficient or otherwise unavailable to satisfy payment due under this agreement, the County shall not be obligated to make such payments, and all further obligations of the County under this agreement shall cease immediately, without penalty, cost or expense to the County of any kind whatsoever. In the event of such insufficiency or unavailability of funding, the County shall notify the Firm in writing, of such event, and this agreement shall be void.

Insurance Requirements

28. Firm represents that it will maintain workers' compensation insurance, if applicable, which shall inure to the benefit of all Firm's personnel provided hereunder, comprehensive general liability or professional liability insurance, and where applicable, employee fidelity bond insurance.

Severability

29. If any term or provision of this contract is prohibited by the laws of the State of Mississippi or declared invalid or void by a court of competent jurisdiction, the remainder of this contract shall not be affected thereby and each term and provision of this contract shall be valid and enforceable to the fullest extent permitted by law.

Entire Agreement

30. This contract constitutes the entire agreement of the parties with respect to the subject matter contained herein and supersedes and replaces any and all prior negotiations, understandings and agreements, written or oral, between the parties relating thereto.

Address Changes

31. The parties agree to promptly notify each other of any change of address.

Employee Status Verification System

32. Firm represents and warrants that it will ensure its compliance with the Mississippi Employment Protection Act (Senate Bill 2988 from the 2008 Regular Legislative Session) and will register and participate in the status verification system for all newly hired employees. The term "employee" as used herein means any person that is hired to perform work within the State of Mississippi. As used herein, "status verification system" means the Illegal Immigration Reform and Immigration Responsibility Act of 1996 that is operated by the United States Department of Homeland Security, also known as the E-Verify Program, or any other successor electronic verification system replacing the E-Verify Program. Firm agrees to maintain records of such compliance and, upon request of the State, to provide a copy of each such verification to the State.

Firm further represents and warrants that any person assigned to perform services hereunder meets the employment eligibility requirements of all immigration laws of the State of Mississippi. Firm understands and agrees that any breach of these warranties may subject Firm to the following: (a) termination of the Agreement and ineligibility for any state or public contract in Mississippi for up to three (3) years, with notice of such cancellation/termination being made public, or (b) the loss of any license, permit, certification or other document granted to firm by an agency, department or governmental entity for the right to do business in Mississippi for up to one (1) year, or (c) both. In the event of such termination/cancellation, Firm would also be liable for any additional costs incurred by the State due to contract cancellation or loss of license or permit.”

Representation Regarding Contingent Fees

33. The Firm represents that it has not retained a person to solicit or secure a State contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except as disclosed in the contractor’s bid or proposal (if applicable).

Representation Regarding Gratuities

34. The Firm represents that it has not violated, is not violating, and promises that it will not violate the prohibition against gratuities set forth in Section 7-204 (Gratuities) of the “Mississippi Personal Service Contract Procurement Regulations.”

Certification of Independent Price Determination

35. The Firm certifies that the price submitted in response to the solicitation has been arrived at independently and without - for the purpose of restricting competition - any consultation, communication, or agreement with any other bidder or competitor relating to the price, the intention to submit a bid, or the methods or factors used to calculate the price bid.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions

36. The Firm certifies to the best of its knowledge and belief, that it and its principals:
- A. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
  - B. Have not within a three-year period preceding this contract been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - C. Are not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in item b. of this certification; and
  - D. Have not within a three-year period preceding this contract had one or more public transactions (Federal, State or local) terminated for cause or default.

Whistleblower Protection

37. Section 1553 of Division A, Title XV of the American Recovery and Reinvestment Act of 2009, P.L. 111-5, provides protections for certain individuals who make specified disclosures relating to Recovery Act funds.

Any non-federal employer receiving recovery funds is required to post a notice of the rights and remedies provided under this section of the Act.

#### Reporting Requirements

38. The firm is notified that this contract may be paid in full or part with American Recovery and Reinvestment Act of 2009 (hereinafter, "ARRA") Funds. The Firm shall ensure that all subcontracts and other contracts for goods and services for an ARRA-funded project have the mandated provisions of this directive in their contracts. Pursuant to Title XV, Section 1512 of the ARRA, the Agency shall require that the contractor provide reports and other employment information as evidence to document the number of jobs created or jobs retained by this contract from the Firm's own workforce and any subcontractors. No direct payment will be made for providing said reports, as the cost for same shall be included in the various items in the contract.

#### Required Contract Provision to Implement ARRA Section 902

39. Section 902 of the ARRA requires that each contract awarded using ARRA funds must include a provision that provides the U.S. Comptroller General and his representatives with the authority to:
- A. Examine any records of the Firm or any of its subcontractors, or any State or local agency administering such contract, that directly pertain to, and involve transactions relating to, the contract or subcontract; and
  - B. Interview any officer or employee of the firm or any of its subcontractors, or of any State or local government agency administering the contract, regarding such transactions.

Accordingly, the Comptroller General and his representatives shall have the authority and rights prescribed under Section 902 of the ARRA with respect to contracts funded with recovery funds made available under the ARRA. Section 902 further states that nothing in 902 shall be interpreted to limit or restrict in any way any existing authority of the Comptroller General.

#### Authority of the Inspector General Provision

40. Section 1515(a) of the ARRA provides authority for any representatives of the United States Inspector General to examine any records or interview any employee or officers working on this contract. The Firm is advised that representatives of the Inspector General have the authority to examine any record and interview any employee or officer of the Firm, its subcontractors or other firms working on this contract. Section 1515(b) further provides that nothing in this section shall be interpreted to limit or restrict in any way any existing authority of an Inspector General.

#### Availability and Use of Funds

41. The Firm understands and acknowledges that any and all payment of funds or the continuation thereof is contingent upon funds provided solely by ARRA or required state matching funds. Pursuant to Section 1604 of the ARRA, contractors agree not to undertake or make progress toward any activity using recovery funds that will lead to the development of such activity as casinos or other gambling establishments, aquariums, zoos, golf courses, swimming pools or any other activity specifically prohibited by the Recovery Act.

#### Federal, State and Local Tax Obligations

42. The Firm asserts and self-certifies that all Federal, State and local tax obligations have been or will be satisfied prior to receiving recovery funds.

Anti-Discrimination and Equal Opportunity

43. Pursuant to Section 1.7 of the guidance memorandum issued by the United States Office of Management and Budget on April 3, 2009, ARRA Recovery funds must be distributed in accordance with all Anti-discrimination and equal opportunity statutes, regulations, and Executive Orders pertaining to the expenditure of funds.

Additional Requirements

The Firm agrees to comply with additional requirements imposed by ARRA regulations upon notification.

In witness of where this contract has been entered into and executed by the parties hereto in triplicate originals.

**COUNTY REPRESENTATIVES**

COUNTY: \_\_\_\_\_

SIGNED: \_\_\_\_\_

WITNESS: \_\_\_\_\_

TITLE: President, Board of Supervisors

DATE: \_\_\_\_\_

SIGNED: \_\_\_\_\_

WITNESS: \_\_\_\_\_

TITLE: Chancery Clerk

DATE: \_\_\_\_\_

**FIRM REPRESENTATIVE**

CPA FIRM: Fortenberry & Ballard, PC

SIGNED: \_\_\_\_\_

WITNESS: \_\_\_\_\_

TITLE: President

Date: August 23, 2017

**OFFICE OF THE STATE AUDITOR**

SIGNED:

WITNESS:

TITLE: Deputy State Auditor

DATE: \_\_\_\_\_