



BOARD OF COUNTY COMMISSIONERS

DATE: July 9, 2013
AGENDA ITEM NO. **27**

Consent Agenda ☐

Regular Agenda ☒

Public Hearing ☐

County Administrator's Signature

Subject:

Approval of Final Negotiated Contract - Auditing Services
Contract Number 123-0229-P(KR)

Department:

Clerk of the Circuit Court / Purchasing

Staff Member Responsible:

Claretha Harris / Joe Lauro

Recommended Action:

I RECOMMEND THE BOARD OF COUNTY COMMISSIONERS (BOARD) AWARD THE FINAL NEGOTIATED CONTRACT FOR AUDITING SERVICES WITH CROWE HORWATH (CROWE HORWATH), LLP, TAMPA, FLORIDA.

I FURTHER RECOMMEND THE CHAIRMAN SIGN THE AGREEMENT AND ENGAGEMENT LETTER AND THE CLERK ATTEST.

Summary Explanation/Background:

On June 4, 2013 the Board approved the ranking of firms for Auditing Services and authorized staff to negotiate with the top ranked firm, Crowe Horwath. This agreement is for the County's annual external audit of all funds. Negotiations were centered on price and Consumer Price Index (CPI) adjustments. A summary of negotiations follow:

- The negotiated maximum fee is \$325,000.00 for the first year, reduced from Crowe Horwath's submittal amount of \$340,000.00
- The fee will be fixed for two years, with annual CPI adjustments available thereafter. Crowe Horwath's original proposal contained CPI adjustments after the first year.

This contract will commence upon execution of the final negotiated agreement, with an engagement period beginning with the fiscal year ending September 30, 2013 and continue until completion of the fiscal year audit ending September 30, 2017. The fee shall be firm for the first two years of the contract. After the second year, the maximum fee may be adjusted each year based on an amount not to exceed the average of the CPI for all Urban Consumers, Not Seasonally Adjusted in effect on June 1st, or three percent (3%) whichever is less.

Fiscal Impact/Cost Revenue Summary:

Funding sources will be from Enterprise and General Funds

Exhibits/Attachments Attached:

1. Contract Review
2. Agreement with Engagement Letter
3. Evaluation Criteria Tabulation Sheet



**PURCHASING DEPARTMENT
CONTRACT REVIEW TRANSMITTAL**

CATS
NO.:

41833

PROJECT: Auditing Services

RFP NUMBER: 123-0229-P(KR)

REQ. NUMBER:

TYPE: ☒ Purchase Contract ☐ Other: ☐ Construction-Less than \$100,000 ☐ One Time

In accordance with the policy guide for Contract Administration, the attached documents are submitted for review and comment.

Upon completion of review, complete Contract Review Transmittal and forward to next Review Authority listed. Please indicate suggested changes by revising, in RED, the appropriate section of the document reflecting the exact wording of the change.

RISK MANAGEMENT: Please enter required liability coverage on pages, 15-16 of Section C, AND pages 6-7 of Appendix A. **PRODUCT ONLY** ☐

This is an annual contract.

Estimated Expenditure: \$ \$425,000.00

| REVIEW SEQUENCE | REVIEW AUTHORITY | REVIEW DATE | REVIEW SIGNATURE | COMMENTS (Attach Separate page if necessary) | COMMENTS INCORPORATED |
|-----------------|--|-------------|--------------------|--|-----------------------|
| 1. | <u>Purchasing Dept.</u> J. Lauro, Director C. Mancuso, Ass't. Director | 3/4/13 | <i>[Signature]</i> | Comments throughout | |
| 2. | <u>Finance</u> Claretha Harris, <i>FRED DEAN</i> | 3/8/13 | <i>[Signature]</i> | n n n | |

Using Dept please provide below information:

☐ Yes, funding for this requisition is using grant Funding. ☐ No, funding for this requisition is not using grant Funding.
If grant funding is being used you must provide Purchasing with the exact clauses that need to be on attached document.

| | | | | | |
|----|---|---------|--------------------|---|---------------|
| 3. | <u>Risk Management Director</u> Attn: Virginia Holscher (Check applicable box at right) | 3/12/13 | VEN | see ins Requirements | HIGH RISK |
| 4. | <u>Legal</u> Jewel on team Attn: Michelle Wallace | 3/19/13 | MLW | Comments in red Attachment Attached | NOT HIGH RISK |
| 5. | <u>Asst. County Administrator</u> Attn: M. Woodard | 3/20/13 | <i>[Signature]</i> | → See pgs. 30 + 28. | |
| 6. | | | | | |

RETURN ALL DOCUMENTS TO PURCHASING

Make all inquiries to: Ken Rickard at Extension 43146

In order to meet the following schedule, please return your requirements to Purchasing by: April 8, 2013

Revised 08/2010

TENTATIVE DATES

RFP Mail Out: April 15, 2013
RFP Opening: June 4, 2013
BOCC Approval: July 9, 2013

AGREEMENT

THIS AGREEMENT, made and entered into this 26th day of June, 2013, by and between PINELLAS COUNTY, a political subdivision of the State of Florida, hereinafter referred to as the "County", represented by its Board of County Commissioners, and Crowe Horwath LLP, hereinafter referred to as the "Contractor".

WITNESSETH:

WHEREAS, County has previously determined that it has a need for Auditing Services; and

WHEREAS, County, after soliciting competitive proposals for such services pursuant to Pinellas County Request for Proposal, RFP No. 123-0229-P (hereinafter Request for Proposal or RFP), County has awarded this contract to Contractor; and

WHEREAS, Contractor has represented that it is able to satisfactorily provide the services according to the terms and conditions of the Request for Proposal, which are incorporated herein by reference, and the terms and conditions contained herein;

NOW THEREFORE, in consideration of the above and mutual covenants contained herein, the parties agree as follows:

1. Services to be Performed. The Contractor hereby agrees to provide the County with Auditing Services, as requested and more specifically outlined in the Request for Proposal, this Agreement, the Engagement Letter attached hereto as Exhibit A, and all subsequent official documents that form the Contract Documents for this Agreement, including Engagement Letters for subsequent fiscal years as approved by the Chairman of the Board of County Commissioners.

2. Term of Agreement/Term Extension. Services performed pursuant to this Contract shall commence upon execution of this agreement and continue until completion of the audits for five fiscal years ends, beginning with the fiscal year ending September 30, 2013 and ending with the fiscal year ending September 30, 2017.

3. Amendment of the Agreement. This Agreement may be amended only by mutual written agreement of the parties.

4. Assignment/Subcontracting. The Contractor shall provide the Services required by this Agreement. No assignment or subcontracting shall be allowed without the prior written consent of the County. In the event of a corporate acquisition and/or merger, the Contractor shall provide written notice to the County within thirty (30) business days of Contractor's notice of such action or upon the occurrence of said action, whichever occurs first. In that event, the County may terminate this Agreement in those instances in which a corporate acquisition and/or merger represents a conflict of interest, is contrary to any local, state or federal laws, or the County determines in its sole discretion that the successor entity cannot perform the Auditing Services as required herein.

5. Termination. County reserves the right to terminate this Agreement without cause by giving thirty (30) days prior notice to the contractor in writing of the intention to terminate or with cause if at any time the contractor fails to fulfill or abide by any of the terms or conditions specified.

Failure of the Contractor to comply with any of the provisions of this Agreement shall be considered a material breach of the Agreement and shall be cause for immediate termination of the Agreement at the sole discretion of County.

In addition to all other legal remedies available to County as provide in this Agreement, County reserves the right to terminate and obtain from another source any services which have not been provided within the period of time stated in the proposal, or if no such time is stated, within a reasonable period of time from the date of order or request, as determined by County.

In the event that sufficient budgeted funds are not available for a new fiscal period, the County shall notify the Contractor of such occurrence and the Agreement shall terminate on the last day of the then current fiscal period without penalty or expense to the County.

6. Payment/Invoices:

Contractor shall submit invoices for payment due as provided in Exhibit A with such documentation as required by County and all payments shall be made in accordance with the requirements of Section 218.70 *et. seq*, Florida Statutes, "The Local Government Prompt Payment Act." Invoices shall be submitted to the address below unless instructed otherwise on the purchase order, or if no purchase order, by the ordering department:

Finance Division Accounts Payable
Pinellas County Board of County Commissioners
P. O. Box 2438
Clearwater, FL 33757

Each invoice shall include, at a minimum, the Contractor's name, contact information and the standard purchase order number. The County may dispute any payments invoiced by Contractor in accordance with the County's Dispute Resolution Process for Invoiced Payments, established in accordance with Section 218.76, Florida Statutes, and any such disputes shall be resolved in accordance with the County's Dispute Resolution Process.

The maximum fee shall be firm for the first two years of the Agreement, after the first two years the maximum fee shall be adjusted each year, based on an amount not to exceed the average of the Consumer Price Index (CPI) for all Urban Consumers, Not Seasonally Adjusted in effect on June 1st, or three percent (3%), whichever is less, unless otherwise mutually agreed to in writing by the parties.

7. Permits/ Licenses. Contractor must secure and maintain any and all permits and licenses required to complete this Agreement.

8. Audit. The Contractor shall retain all records relating to this contract for a period of at least three (3) years after final payment is made. All records shall be kept in such a way as will permit their inspection pursuant to Chapter 119, Florida Statutes. In addition, Pinellas County reserves the right to audit such records pursuant to Pinellas County Code, Chapter 2.

9. Minimum Insurance Requirements. The Contractor shall obtain and maintain, and require any sub-contractors to obtain and maintain, at all times during its performance of the Agreement, insurance of the types and in the amounts set forth by the County.

10. Indemnification. Contractor agrees to indemnify, defend and hold harmless the County, its officers, employees and agents from all damages, suits, actions or claims, including reasonable attorney's fees incurred by the County, brought on account of any personal injuries, death or damages received or sustained by any person, persons, or tangible property on account of any negligent act or omission, neglect or intentional misconduct of Contractor; or by, or on account of, any claim or amounts recovered under the Workers' Compensation Law or of any other laws, regulations, ordinance, order or decree; or arising from or by reason of any actual or claimed trademark, patent, trade secret, or copyright

infringement or litigation based thereon; except only such injury or damage as shall have been occasioned by the sole negligence of the County.

10. Governing Law. The laws of the State of Florida shall govern this Agreement.

11. Independent Contractor Status and Compliance with the Immigration Reform and Control Act of 1986. The Contractor is and shall remain an independent contractor and is neither agent, employee, partner, nor joint venturer of County. Contractor acknowledges that it is responsible for complying with the provisions of the Immigration Reform and Control Act of 1986 located at 8 U.S.C. 1324, et. seq., and regulations relating thereto, as either may be amended from time to time. Failure to comply with the above provisions shall be considered a material breach and shall be grounds for immediate termination of the Contract, at the discretion of Pinellas County.

12. Severability. The terms and conditions of this agreement shall be deemed to be severable. Consequently, if any clause, term, or condition hereof shall be held to be illegal or void, such determination shall not affect the validity or legality of the remaining terms and conditions, and notwithstanding any such determination, this agreement shall continue in full force and effect unless the particular clause, term, or condition held to be illegal or void renders the balance of the agreement impossible to perform.

13. Documents Comprising Contract. This Agreement for Auditing Services, as well as the following documents, which are incorporated herein by reference, comprise the complete agreement of the parties.

- a. Pinellas County's Request for Proposal and all of its addenda and attachments issued on April 29, 2013;
- b. Contractor's Engagement Letter attached hereto as Exhibit A.
- c. Contractor's Proposal.

If there is a conflict between the terms of this Agreement and the above referenced documents, then the conflict shall be resolved as follows: the terms of this Agreement shall prevail over the other documents, and the terms of the remaining documents shall be given preference in their above listed order.

IN WITNESS WHEREOF the parties herein have executed this Agreement for Auditing Services pursuant to RFP No. 123-0229-P as of the day and year first written above.

PINELLAS COUNTY, FLORIDA
by and through its Board of County
Commissioners

Chairman

ATTEST:
KEN BURKE
By: _____
Deputy Clerk

CONTRACTOR

Crowe Horwath LLP
By: Deborah P. Garringer, Partner

Deborah P. Garringer
(Signature)

Deborah P. Garringer
(Printed Name)

ATTEST:

By: Deborah P. Garringer
(Attesting Witness' name/title)

APPROVED AS TO FORM:

[Signature]
Office of the County Attorney



Crowe Horwath LLP
Independent Member Crowe Horwath International
101 E Kennedy Blvd Suite 1250
Tampa, FL 33602-5197
Tel 813.223.1316
Fax 813.229.5952
www.crowehorwath.com

June 26, 2013

Pinellas County Board of
County Commissioners
Pinellas County, Florida
Clearwater, FL 33756

Ladies and Gentlemen:

This letter confirms the arrangements for Crowe Horwath LLP ("Crowe" or "us" or "we" or "our") to provide the independent services discussed in this letter to Pinellas County, Florida ("the County" or "you" or "your") for the year ending September 30, 2013. The attached Crowe Engagement Terms is an integral part of this letter, and its terms are incorporated herein.

INDEPENDENT AUDIT SERVICES

Our Responsibilities

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of Pinellas County, Florida, for the year ended September 30, 2013.

In addition to our report on the financial statements, we plan to evaluate the presentation of the following supplementary information in relation to the financial statements as a whole, and to report on whether this supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

1. Combining and Individual Fund Financial Statements and Schedules
2. Schedule of Expenditures of Federal Awards and State Financial Assistance

In addition to our report on the financial statements, we also plan to perform specified procedures in order to describe in our report whether the following required supplementary information is presented in accordance with applicable guidelines. However, we will not express an opinion or provide any assurance on this information due to our limited procedures.

1. Management's Discussion and Analysis
2. Schedule of Funding Progress (County OPEB)
3. Schedule of Funding Progress (Sheriff OPEB)

The document will also include the following additional information that will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will disclaim an opinion:

1. Introductory Section of the Comprehensive Annual Financial Report
2. Statistical Section of the Comprehensive Annual Financial Report

The objective of the audit is the expression of an opinion on the financial statements. We will plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud, and report on your compliance with laws and regulations and on your internal controls. Because of inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with applicable standards. An audit is not designed to detect error or fraud that is immaterial to the financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks that the financial statements could be misstated by an amount we believe would influence the financial statement users. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In making our risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. However, we will communicate in writing to those charged with governance and management concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Our engagement is not designed to address legal or regulatory matters, which matters should be discussed by you with your legal counsel.

We expect to issue a written report upon completion of our audit of the financial statements. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis of matter or other matter paragraph, or withdraw from the engagement.

In addition to our report on the financial statements, we plan to issue a:

- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*
- The Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General.

We will also perform tests of controls including testing underlying transactions, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of your major federal awards and state projects. We will determine major programs in accordance with OMB Circular A-133 and Chapter 10.550. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed. We will inform you of any deficiencies or other matters involving internal control, if any, as required by OMB Circular A-133 and Chapter 10.550.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of your compliance with applicable laws, regulations, contracts and grants. However, because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us. However, the objective of our audit of compliance relative to the financial statements will not be to provide an opinion on overall compliance with such provisions, and we will not express such an opinion. We will advise you, however, of any matters of that nature that come to our attention, unless they are clearly inconsequential.

OMB Circular A-133 and Chapter 10.500 require that we plan and perform the audit to obtain reasonable assurance about whether you have complied with certain provisions of laws, regulations, contracts and grants. Our procedures will consist of the applicable procedures described in the OMB Circular A-133 Compliance Supplement and Chapter 10.500 Rules of the Auditor General for the types of compliance requirements that could have a direct and material effect on each of your major programs. The purpose of our audit will be to express an opinion on your compliance with requirements applicable to major Federal award and state projects. Because an audit is designed to provide reasonable assurance, but not absolute assurance, the audit is not designed to detect immaterial violations or instances of noncompliance.

Our audit and work product are intended for the benefit and use of the County only. The audit will not be planned or conducted in contemplation of reliance by any other party or with respect to any specific transaction and is not intended to benefit or influence any other party. Therefore, items of possible interest to a third party may not be specifically addressed or matters may exist that could be assessed differently by a third party. Our report on internal control and compliance will include a statement that the report is intended for the information and use of management, those charged with governance, specific legislative or regulatory bodies, and federal and state awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

The working papers for this engagement are the property of Crowe and constitute confidential information. However, we may be requested to make certain workpapers available to your oversight agency or grantors pursuant to authority given to them by law, regulation, or contract. If requested, access to such workpapers will be provided under the supervision of our personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to your oversight agency or grantors. The workpapers for this engagement will be retained for a minimum of three years after the date our report is issued or for any additional period requested by the oversight agency or pass-through entity. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the workpapers.

Government Auditing Standards require that we provide you with a copy of our most recent peer review report, which accompanies this letter along with the related letter of comment and response thereto.

The County's Responsibilities

The County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. The County's management is also responsible for complying with applicable laws, regulations, contracts and grants and such responsibility extends to identifying the requirements and designing internal control policies and procedures to provide reasonable assurance that compliance is achieved.

Management has the responsibility to adopt sound accounting policies, maintain an adequate and efficient accounting system, safeguard assets, and design and implement programs and controls to prevent and detect fraud. Management's judgments are typically based on its knowledge and experience about past and current events and its expected courses of action. Management's responsibility for financial reporting includes establishing a process to prepare the accounting estimates included in the financial statements.

Management is responsible for providing to us, on a timely basis, all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters. Management is also responsible for providing such other additional information we may request for the purpose of the audit, and unrestricted access to persons within the County from whom we determine it necessary to obtain audit evidence.

Management is responsible for adjusting the financial statements to correct material misstatements related to accounts or disclosures. As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit, including that the effects of any uncorrected misstatements aggregated by us during the audit are immaterial, both individually and in the aggregate, to the financial statements.

Management is responsible for the preparation of the supplementary information identified above in accordance with the applicable criteria. As part of our audit process, we will request from management certain written representations regarding management's responsibilities in relation to the supplementary information presented, including but not limited to its fair presentation in accordance with the applicable criteria, the method of measurement and presentation and any significant assumptions or interpretations underlying the supplementary information. In addition, it is management's responsibility to include the auditor's report on supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. It is also management's responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the County of the supplementary information and the auditor's report thereon.

Management is responsible for the preparation of the required supplementary information identified above in accordance with the applicable guidelines. We will request from management certain written representations regarding management's responsibilities in relation to the required supplementary information presented, including but not limited to whether it has been measured and presented in accordance with prescribed guidelines, the method of measurement and presentation and any significant assumptions or interpretations underlying the supplementary information.

OTHER SERVICES

You agree to be responsible to: make all management decisions and perform all management functions; designate an individual who possesses suitable skill, knowledge, and/or experience, preferably within senior management to oversee our services; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services.

FEES

Our fees, including of out-of-pocket expenses, for 2013 audit services will be \$325,000. There will be no additional fee for the Water Department, Sewer Department, and Solid Waste Department separate financial statements as long as these funds are major funds. The fee for the separate financial statements of the St. Petersburg Clearwater International Airport will be \$5,000. We will submit our invoices monthly as progression of the work takes place. Our invoices are due and payable in accordance with the requirements of Section 218.70 F.S., "The Local Government Prompt Payment Act". Invoices that are not paid within 45 days of receipt are subject to a monthly interest charge of one percent per month, which we may elect to waive at our sole discretion, plus costs of collection including reasonable attorneys' fees, in accordance with Section 218.70 F.S., et. seq., The Local Government Prompt Payment Act.

Our Fee includes the following:

Opinion on the general purpose financial statements of the Board, Constitutional Officers and component units as a whole

Separate opinions on the financial statements of the Board and each Constitutional Officer

Separate opinion on the Sewer System enterprise fund financial statements, including the supplemental information and bond compliance information

Federal and State Single Audit Reports, including the "in-relation-to" opinion on the Schedule of Expenditures of Federal and State Financial Assistance, the Schedule of Findings and Questioned Costs, and the Data Collection Form (Our Fee includes 10 Major Programs)

Management Letter, as required by the Rules of the Auditor General, for the Board and each Constitutional Officer

Independent Auditor's Report on Internal Control Over Financial Reporting and on compliance and Other matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards (Internal Control Report) for the Board and each Constitutional Officer

SAS 114 Letters (Those Charged with Governance Reporting) for the Board and Each Constitutional Officer

A Report for each opinion expressed on specified elements, accounts , or items detailing findings and recommendation as requested by the County

An agreed upon procedures report on the review of accounts receivables balances to be written off

If requested by the County, Opinions, Management Letters, and Internal Control Reports on the separate financial statements for the Water System, and Solid Waste System.

Circumstances may arise under which we must perform additional work and, thus, require additional billings for our services after written notification to the County, and approval of the additional fees by the County. Examples of such circumstances include, but are not limited to:

- Changing audit requirements
- New professional standards or regulatory requirements
- New financial statement disclosures
- Work caused due to the identification of, and management's correction of, inappropriate application of accounting pronouncements*
- Erroneous or incomplete accounting records*
- New or unusual transactions
- Failure of your staff to prepare information in a timely manner*
- Numerous revisions to your information*
- Lack of availability of appropriate County personnel during audit fieldwork.*

Items noted with "*" will be communicated to the County management immediately so that the County has the opportunity to correct the incident prior to any additional out of scope work being performed.

Additionally, to accommodate requests to reschedule audit fieldwork without reasonable notice, additional billings for our services could be required, and our assigned staffing and ability to meet agreed-upon deadlines could be impacted.

Our fee assumes that we will be provided with auditable trial balances for all funds at year end, that all bank accounts and investment accounts will be reconciled through the end of the year being audited to the trial balances, that interfund and transfer accounts will balance, that subsidiary ledgers will reconcile to the general ledger and that beginning fund equity amounts will be reconcilable to prior year audited ending fund equity. We assume that the County will cooperate with our requests for information such as explanations of account activity.

We additionally assume:

- Any requested records such as invoices, contracts, grant agreements and supporting documentation will be located and provided to us.
- The County will prepare confirmation letters, the Introductory Section, the MD&A section and the Statistical section of the report.
- The financial statements present four major governmental and three major enterprise funds. The addition of a new major fund would represent an increase in scope.
- There will be no more than 10 major federal or state programs requiring single audit. The fee for additional programs will not exceed \$5,000, increasing annually after the first two years based on the average Consumer Price Index or three percent (3%), whichever is less.

Our fee does not include implementation of any other future accounting or auditing pronouncements and/or government requirements that may change, thus, the scope or amount of auditing necessary to complete our engagements may increase beyond what is currently anticipated. Should such events occur, we would present you with our estimate of any possible increase prior to beginning our audit for the given year. An equitable adjustment in the proposed fee will be negotiated if the cost of time required for performance of the audit service is increased or decreased pursuant to a change in scope of the audit requested by the County or required by State or Federal regulations.

* * * * *

This engagement letter, the Agreement, and the attached Crowe Engagement Terms reflect the entire agreement between us relating to the services covered by this letter. The headings included in this letter are to assist in ease of reading only; the letter and attachment are to be construed as a single document, with the provisions of each section applicable throughout. This agreement may not be amended or varied except by a written document signed by both parties. It replaces and supersedes any other proposals, correspondence, agreements and understandings, whether written or oral, relating to the services covered by this letter. The agreements of the County and Crowe contained in this engagement letter shall survive the completion or termination of this engagement. If any term hereof is found unenforceable or invalid, this shall not affect the other terms hereof, all of which shall continue in effect as if the stricken term had not been included. This agreement shall be interpreted and construed under, and governed by the internal laws of the State of Florida, without regard for choice of law principles.

If the terms of this letter and the attached Crowe Engagement Terms are acceptable to you, please sign and date below and return a copy of this letter at your earliest convenience.

Very truly yours,

Crowe Horwath LLP

By: Deborah P. Garringer
Deborah P. Garringer, Partner

I have reviewed the arrangements outlined above, and I accept on behalf of the County the terms and conditions as stated.

Authorized Representative of the County, by and through its Board of County Commissioners

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Authorized Representative of the County's Management

Signature: Robert S. LaSala

Printed Name: Robert S. LaSala

Title: County Administrator

Date: 7-2-13

Attest:

By: Ken Burke

Deputy Clerk

Crowe Engagement Terms

We want you to understand the basis under which we offer our services to you and determine our fees, as well as to clarify the relationship and responsibilities between your organization and ours. These terms are part of our engagement letter and apply to all future services, unless a specific engagement letter is entered into for those services. We specifically note that no advice we may provide should be construed to be investment advice.

Notwithstanding anything to the contrary in the Agreement, no provision in this Agreement shall be construed to require performance or require Crowe to assume any obligation inconsistent with any applicable professional rules or standards, and no provision shall be given effect if such effect would require performance or require Crowe to assume any obligation inconsistent with any applicable professional rules or standards.

YOUR ASSISTANCE - For us to provide our services effectively and efficiently, you agree to provide us timely with the information we request and to make your employees available for our questions. You will also provide our personnel with access to the Internet (if available). The availability of your personnel and the timetable for their assistance are key elements in the successful completion of our services and in the determination of our fees. Completion of our work depends on appropriate and timely cooperation from your personnel; complete, accurate, and timely responses to our inquiries; and timely communication by you of all significant accounting and financial reporting matters of which you are aware. Crowe will provide the County representative for each respective entity the detailed audit plan and a list of schedules to be prepared by the County with expected due dates as requested in the RFP. Any modification to due dates will be discussed and mutually agreed upon by the parties. If for any reason this does not occur, a revised fee to reflect the additional time or resources required by us will be mutually agreed upon, and you agree to hold us harmless against all matters that arise in whole or in part from any resulting delay.

If circumstances arise that, in our professional judgment, prevent us from completing this engagement, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue other work product or withdrawing from the engagement.

THIRD-PARTY PROVIDER – With written consent of the County, through the County Administrator, We may use a third-party service provider in providing professional services to you which may require our sharing your confidential information with the provider. If we use a third-party service provider, we will enter into a confidentiality agreement with the provider to require them to maintain the confidentiality of your confidential information. The terms of our engagement letter and these engagement terms shall apply to any third-party provider.

CONFIDENTIALITY - We will maintain the confidentiality of your confidential information in accordance with professional standards and in accordance with applicable Florida law. You agree not to disclose any confidential material you obtain from us without our prior written consent, except to the extent such disclosure is an agreed objective of this engagement or as required by applicable Florida law. Your use of our work product shall be limited to its stated purpose and to your business use only. We retain the right to use the ideas, concepts, techniques, industry data, and know-how we use or develop in the course of the engagement. You agree to the use of fax, email, and voicemail to communicate both sensitive and non-sensitive matters; provided, however, that nonpublic personal information regarding your customers or consumers shall not be communicated by unencrypted email.

CHANGES - We may periodically communicate changes in laws, rules, or regulations to you. However, you have not engaged us to and we do not undertake an obligation to advise you of changes in laws, rules, regulations, industry or market conditions, your own business practices, or other circumstances, except to the extent required by professional standards.

PUBLICATION - You agree to obtain our specific permission before using our report or our firm's name in a published document, and you agree to submit to us copies of such documents to obtain our permission before they are filed or published.

NO PUNITIVE OR CONSEQUENTIAL DAMAGES - Any liability of Crowe to you shall not include any special, indirect, consequential, incidental, punitive, or exemplary damages or loss nor any lost profits, savings, or business opportunity.

LIMIT OF LIABILITY - The provisions of this section establishing a limit of liability will not apply if, as determined in a judicial proceeding, we performed our services with gross negligence or willful misconduct. Our engagement with you is not intended to shift risks normally borne by you to us. With respect to any services or work product or this engagement in general, the liability of Crowe and its personnel shall not exceed three (3) times the fees we receive for the audit services. A claim for a return of fees paid shall be the exclusive remedy for any damages. This limitation of liability is intended to apply to the full extent allowed by law, regardless of the grounds or nature of any claim asserted. This limitation of liability shall also apply after termination of this agreement.

NO TRANSFER OR ASSIGNMENT OF CLAIMS - No claim against Crowe, or any recovery from or against Crowe, may be sold, assigned or otherwise transferred, in whole or in part.

TIME LIMIT ON CLAIMS - In no event shall any action against you or Crowe, arising from or relating to this engagement letter or the services provided by Crowe relating to this engagement, be brought after the earlier of 1) two (2) years after the date on which occurred the act or omission alleged to have been the cause of the injury alleged; or 2) the expiration of the applicable statute of limitations or repose.

RESPONSE TO LEGAL PROCESS - If we are requested by subpoena, other legal process, or other proceedings to produce documents pertaining to you and we are not a named party to the proceeding, you will reimburse us for our professional time, plus out-of-pocket expenses, as well as reasonable attorney fees we incur in responding to such request.

MEDIATION - If a dispute arises, in whole or in part, out of or related to this engagement, or after the date of this agreement, between you or any of your affiliates or principals, and Crowe, and if the dispute cannot be settled through negotiation, you and Crowe agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its mediation rules for professional accounting and related services disputes before resorting to litigation or any other dispute-resolution procedure. The results of mediation shall be binding only upon agreement of each party to be bound. Costs of any mediation shall be shared equally by both parties.

JURY TRIAL WAIVER - IN THE UNLIKELY EVENT THAT DIFFERENCES CONCERNING OUR SERVICES OR FEES ARISE BETWEEN US THAT ARE NOT RESOLVED BY MUTUAL AGREEMENT OR MEDIATION, YOU AND WE AGREE TO WAIVE A TRIAL BY JURY TO FACILITATE JUDICIAL RESOLUTION AND SAVE THE TIME AND EXPENSE OF BOTH PARTIES.

LEGAL AND REGULATORY CHANGE - The scope of services and the fees for the services covered by the accompanying letter are based on current laws and regulations. If changes in laws or regulations change your requirements or the scope of our work, you and we agree that our fees will be modified to a mutually agreed-upon amount to reflect the changed level of our effort.

CONSENT TO HIRE - You and we acknowledge the importance of retaining key personnel. Accordingly, both parties agree that during the period of this agreement and for one year after its expiration or termination, neither party will solicit any personnel of the other party for employment without the written consent of the other party. If an individual becomes an employee of the other party, the other party agrees to pay a fee equal to the individual's compensation for the prior full twelve-month period to the original employer.

AFFILIATES - Crowe Horwath LLP ("Crowe") is an independent member of Crowe Horwath International, a Swiss verein. Each member firm of Crowe Horwath International is a separate and independent legal entity. Crowe and its affiliates are not responsible or liable for any acts or omissions of Crowe Horwath International or any other member of Crowe Horwath International and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe Horwath International or any other member of Crowe Horwath International. Crowe Horwath International does not render any professional services and does not have an ownership or partnership interest in Crowe. Crowe Horwath International and its other member firms are not responsible or liable for any acts or omissions of Crowe and specifically disclaim any and all responsibility or liability for acts or omissions of Crowe.

PINELLAS COUNTY EVALUATION CRITERIA TABULATION SHEET

RFP TITLE: AUDITING SERVICES

RFP #: 123-0229-P (KR)

| COMPANY NAME | EVALUATOR | EVALUATOR | EVALUATOR | EVALUATOR | EVALUATOR | EVALUATOR | EVALUATOR | TOTAL POINTS | TOTAL AVERAGE | RANK |
|--------------------------|--------------|-----------------|--------------|---------------|-----------|---------------|--------------|--------------|---------------|------|
| | Steve Farber | Claretha Harris | Susan Krause | Eric Naughton | Tom Rohr | Lori Sullivan | Mark Woodard | | | |
| Crowe Horwath | 831.25 | 831.25 | 793.75 | 793.75 | 793.75 | 831.25 | 831.25 | 5706.25 | 815.18 | 1 |
| Clifton Larson Allen LLP | 811.78 | 811.78 | 811.78 | 811.78 | 811.78 | 811.78 | 774.28 | 5644.93 | 806.42 | 2 |
| Moore Stephens Lovelace | 805.30 | 805.30 | 830.80 | 797.30 | 805.30 | 822.80 | 767.80 | 5634.60 | 804.94 | 3 |
| Mayer Hoffman McCann PC | 832.50 | 812.50 | 795.00 | 795.00 | 795.00 | 795.00 | 775.00 | 5600.00 | 800.00 | 4 |
| KPMG LLP | 764.90 | 787.90 | 752.90 | 807.90 | 770.40 | 790.40 | 818.40 | 5492.80 | 784.69 | 5 |
| Cherry Bekaert LLP | 677.78 | 697.78 | 622.78 | 680.28 | 697.78 | 677.78 | 717.78 | 4771.93 | 681.70 | 6 |

Date: May 20, 2013