



E-62-16

Contract Details

SERVICE: 2015 County Audit

NIFS ID # CLCO16000002 : NIFS Entry Date: 2/8/16 Term: 12/29/15 to 12/31/16 CAFR Year

New <input type="checkbox"/> Renewal <input type="checkbox"/>
Amendment <input checked="" type="checkbox"/>
Time Extension <input type="checkbox"/>
Addl. Funds <input type="checkbox"/>
Blanket Resolution <input type="checkbox"/>
RES#

1) Mandated Program:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
2) Comptroller Approval Form Attached:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
3) CSEA Agreement § 32 Compliance Attached:	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
4) Vendor Ownership & Mgmt. Disclosure Attached:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
5) Insurance Required	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Agency Information

Vendor	
Name RSM US LLP	Vendor ID# 420714325-01
Address 1185 Avenue of the Americas, New York, NY 10036	Contact Person Jen Katz
	Phone (212) 372-1000

County Department	
Department Contact Sergio A. Blanco	
Address 240 Old Country Road, Mineola, NY 11501	
Phone (516) 571-2854	

Routing Slip

DATE Rec'd.	DEPARTMENT	Internal Verification	DATE App'd & Fw'd.	SIGNATURE	Leg. Approval Required
	Department	NIFS Entry (Dept) <input checked="" type="checkbox"/> NIFS Appvl (Dept. Head) <input checked="" type="checkbox"/> Contractor Registered <input checked="" type="checkbox"/>	2/8/16	[Signature]	
	OMB	NIFS Approval (Contractor Registered) <input checked="" type="checkbox"/>	2/8/16	[Signature]	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not required if blanket resolution
	County Attorney	CA RE & Insurance Verification <input type="checkbox"/>	2/29/16	[Signature]	
	County Attorney	CA Approval as to form <input type="checkbox"/>	2/29/16	[Signature]	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	Legislative Affairs	Fw'd Original Contract to CA <input type="checkbox"/>	2/29/16	[Signature]	
	County Attorney	NIFS Approval <input type="checkbox"/>			
	Comptroller	NIFS Approval <input type="checkbox"/>			
2/29/16	County Executive	Notarization <input type="checkbox"/> Filed with Clerk of the Leg. <input type="checkbox"/>	2/29/16	[Signature]	

4-56-3



Contract Summary

Description: Additional Services in connection with the Audit of the County's Financial Statements for the 2015 through 2016 CAFR years.
Purpose: Contractor is to provide additional services related to the comprehensive audit of County's financial statements, provide management letters, perform the County's federally mandated single audit and provide other related services. These include adjustments to the preliminary trial balance; adjustments to the cash balance; adjustments to deferred revenue in the Grant Fund; adjustments to revenue from the Tobacco Settlement Corporation; and adjustments to the reporting of FEMA expenditures.
Method of Procurement: A request for proposals was done in January 2014.
Procurement History: Three firms submitted proposals. After a lengthy evaluation process, including presentations by all of the three proposers, and Best and Final Offers from each of the three proposers, the evaluation committee determined that McGladrey's (n/k/a RSM US, LLP), proposal was superior to the rest.
Description of General Provisions: Complete annual financial audit of the County and Single Audits of Federally Funded Programs, inclusive of monies received under ARRA management letters.
Impact on Funding / Price Analysis: \$64,783.
Change in Contract from Prior Procurement: N/A
Recommendation: Approve as submitted

Advisement Information

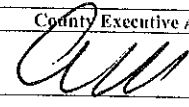
BUDGET CODES	
Fund:	GEN
Control:	CO
Resp:	1200
Object:	DE503
Transaction:	103

RENEWAL	
% Increase	
% Decrease	

FUNDING SOURCE	AMOUNT
Revenue Contract <input type="checkbox"/>	XXXXXXXX
County	\$64,783
Federal	\$
State	\$
Capital	\$
Other	\$
TOTAL	\$64,783

LINE	INDEX/OBJECT CODE	AMOUNT
01	COGEN1200 DE503	\$64,783
X		\$
X		\$
X		\$
X		\$
X		\$
TOTAL		\$64,783

Document Prepared By: _____ Date: _____

NIFS Certification	Comptroller Certification	County Executive Approval
I certify that this document was accepted into NIFS.	I certify that an unencumbered balance sufficient to cover this contract is present in the appropriation to be charged.	Name 
Name	Name	Date 2/29/16
Date	Date	(For Office Use Only)
		E #:

Contract ID#:CQCO14000004- Line 03



Department: Comptroller

RULES RESOLUTION NO. 63 2016

E-02-16

A RESOLUTION AUTHORIZING THE COUNTY EXECUTIVE
TO EXECUTE AN AMENDMENT TO A PERSONAL SERVICES
AGREEMENT BETWEEN THE COUNTY OF NASSAU, ACTING ON
BEHALF OF THE OFFICE OF THE NASSAU COUNTY
COMPTROLLER, AND RSM US LLP

Passed by the Rules Committee
Nassau County Legislature
By Voice Vote on 3-7-16
VOTING:
ayes 7 nays 0 abstained 0 recused 0
Legislators present: 7

WHEREAS, the County has negotiated an amendment to a personal services agreement with RSM US LLP in connection with the complete annual financial audit of the County and single audits of federally funded programs, a copy of which is on file with the Clerk of the Legislature; now, therefore, be it

RESOLVED, that the Rules Committee of the Nassau County Legislature authorizes the County Executive to execute the said amendment to an agreement with RSM US LLP.

89-5-2-2

89

89-5-2-2

0

0

0

7

1



Nassau County Interim Finance Authority

Contract Approval Request Form (As of January 1, 2015)

1. Vendor: RSM US LLP

2. Dollar amount requiring NIFA approval: \$ 64,783.00

Amount to be encumbered: \$ 64,783.00

This is a ☐ New Contract ☐ Advisement ☒ Amendment

If new contract - \$ amount should be full amount of contract

If advisement - NIFA only needs to review if it is increasing funds above the amount previously approved by NIFA

If amendment - \$ amount should be full amount of amendment only

3. Contract Term: 12/15/14-12/31/16

Has work or services on this contract commenced? ☐ Yes ☒ No

If yes, please explain: _____

4. Funding Source:

☒ General Fund (GEN) ☐ Grant Fund (GRT)
☐ Capital Improvement Fund (CAP) Federal % _____
☐ Other State % _____
County % _____

Is the cash available for the full amount of the contract? ☒ Yes ☐ No

If not, will it require a future borrowing? ☐ Yes ☐ No

Has the County Legislature approved the borrowing? ☐ Yes ☐ No ☒ N/A

Has NIFA approved the borrowing for this contract? ☐ Yes ☐ No ☒ N/A

5. Provide a brief description (4 to 5 sentences) of the item for which this approval is requested:

Contractor to provide certain additional audit services not included in the scope of the original contract, including adjustments to trial balances; adjustments to cash balances due to untimely recorded cash collected by the Treasurer's Office; adjustments to deferred revenue in the Grant Fund; adjustments to revenue from the Tobacco Settlement and adjustments to the reporting of FEMA expenditures for single audit.

6. Has the item requested herein followed all proper procedures and thereby approved by the:

Nassau County Attorney as to form ☐ Yes ☐ No ☐ N/A
Nassau County Committee and/or Legislature ☐ Yes ☐ No ☐ N/A

Date of approval(s) and citation to the resolution where approval for this item was provided:

7. Identify all contracts (with dollar amounts) with this or an affiliated party within the prior 12 months:

12/15/15 - CA 015000003 - \$300,000

AUTHORIZATION

To the best of my knowledge, I hereby certify that the information contained in this Contract Approval Request Form and any additional information submitted in connection with this request is true and accurate and that all expenditures that will be made in reliance on this authorization are in conformance with the Nassau County Approved Budget and not in conflict with the Nassau County Multi-Year Financial Plan. I understand that NIFA will rely upon this information in its official deliberations.

Roseann Salovey
Signature Title

Date 2/29/18

Print Name _____

COMPTROLLER'S OFFICE

To the best of my knowledge, I hereby certify that the information listed is true and accurate and is in conformance with the Nassau County Approved Budget and not in conflict with the Nassau County Multi-Year Financial Plan.

Regarding funding, please check the correct response:

I certify that the funds are available to be encumbered pending NIFA approval of this contract.

If this is a capital project:

I certify that the bonding for this contract has been approved by NIFA.

Budget is available and funds have been encumbered but the project requires NIFA bonding authorization

Signature _____

Title

Date _____

Print Name _____

NIEA

Amount being approved by NIFA: _____

Signature

Title

Date _____

Print Name _____

NOTE: All contract submissions MUST include the County's own routing slip, current NIFS printouts for all relevant accounts and relevant Nassau County Legislature communication documents and relevant supplemental information pertaining to the item requested herein.

NIFA Contract Approval Request Form MUST be filled out in its entirety before being submitted to NIFA for review.

NIFA reserves the right to request additional information as needed.

FAML4010 V4.2
LINK TO:

NIFS PRODUCTION SYSTEM
DOCUMENT HEADER

02/08/2016
4:01 PM

DOCUMENT CATEGORY : CL CONTRACT INCREASE /CHANGE TERMS
ENTERED BY : MARKERT, VALERIE 1-6552
DOCUMENT NUMBER : CLCO16000002 INITIATING DEPT : CO
INPUT PERIOD (MM YYYY) : 02 2016 FEBRUARY
VENDOR NUMBER / SUFFIX : 420714325 01 APPROVAL TYPE : 01
VENDOR NAME : RSM US LLP
VENDOR ADDRESS : 5155 PAYSPHERE CIRCLE

COUNTRY : USA IL 60674
ALPHA VENDOR : RSM US LLP
BANK NUMBER : TREAS NO :
DUE DATE : SINGLE CHECK :
DOCUMENT AMOUNT : 64,783.00 CURRENCY CODE :
NUMBER OF LINES : 1 RESPONSIBLE UNIT :
TRANSACTION CODE HASH :
TERMS : NOTEPAD (Y OR N) : N
POSTING/EDIT ERRORS : P414
F1-HELP F2-SELECT F3-DELETE F4-PRIOR F5-NEXT F6-DTL ENTRY
F7-VIEW DOC F8-SUBMIT F9-LINK F10-SAVE F11-ERRORS F12-ADL FCTNS
G014 - RECORD FOUND

FAML4050 V4.2
LINK TO:

NIFS PRODUCTION SYSTEM
ENCUMBRANCE / ACC RECEIVABLE DOCUMENTS

02/08/2016
4:01 PM

DOCUMENT : CLC016000002 - 01 INPUT PER: 02 2016 AMOUNT : 64,783.00

TRANS CODE : 109 ADD A SUFFIX TO A CONTRACT
DOCUMENT REF : CQC014000004 03
TRANS DESC. : ADD'L SVCS FOR 2014 AUDIT CAFR
TRANS AMOUNT : 64,783.00
INDEX : COGEN1200 ACCOUNTING
SUBJECT : DE503 FINANCIAL
UCODE/ORD#/DRC :
GRANT :
GRANT DETAIL :
PROJECT :
PROJECT DETAIL :
START DATE :
END DATE :

FINANCIAL ERRORS :

F1-HELP F2-SELECT F3-DELETE F4-PRIOR F5-NEXT
F7-VIEW DOC F9-LINK F10-SAVE
G008 - NEXT RECORD DISPLAYED

FAML6161 V4.2
LINK TO:

NIFS PRODUCTION SYSTEM
VENDOR DETAIL

02/29/2016
11:02 AM

FISCAL MO/YEAR : 12 2015 DEC 2015 BALANCE TYPE : 01 ENCUMBRANC
VENDOR : 420714325 01 RSM US LLP

S	POST DATE	T/C	DOCUMENT	INDEX	SUBOBJ	BANK	CHECK NO	PERIOD
	DUE DATE		DESCRIPTION					AMOUNT
	12/15/2015	109	CAC015000003	01	COGEN1200	DE503		12 2015
			FY2015 AUDIT OF CTY FINANCIAL STMTS		CAFR			300,000.00

F1-HELP F2-SELECT
F7-PRIOR PG F8-NEXT PG F9-LINK
G014 - RECORD FOUND

George Maragos
Comptroller



OFFICE OF THE COMPTROLLER
240 Old Country Road
Mineola, New York 11501

COMPTROLLER APPROVAL FORM FOR PERSONAL, PROFESSIONAL OR HUMAN SERVICES CONTRACTS

Attach this form along with all personal, professional or human services contracts, contract renewals, extensions and amendments.

CONTRACTOR NAME: RSM US, LLP

CONTRACTOR ADDRESS: 1185 Avenue of the Americas, New York, NY 10036

FEDERAL TAX ID #: 420714325-01

Instructions: Please check the appropriate box ("☑") after one of the following roman numerals, and provide all the requested information.

I. ☐ The contract was awarded to the lowest, responsible bidder after advertisement for sealed bids. The contract was awarded after a request for sealed bids was published in _____ [newspaper] on _____ [date]. The sealed bids were publicly opened on _____ [date]. _____ [#] of sealed bids were received and opened.

II. ☐ The contractor was selected pursuant to a Request for Proposals.

The Contract was entered into after a written request for proposals was issued on _____. Potential proposers were made aware of the availability of the RFP by advertisement in Newsday, posting on industry websites, via email to interested parties and by publication on the County procurement website. Proposals were due on _____, 2015. One (1) proposal was received and evaluated. The evaluation committee consisted of: three members of the Comptroller's Office. The proposals were scored and ranked. As a result of the scoring and ranking, the highest-ranking proposer was selected.

III. ☒ This is a renewal, extension or amendment of an existing contract.

The contract was originally executed by Nassau County on _____ [date]. This is a renewal or extension pursuant to the contract, or an amendment within the scope of the contract or RFP (copies of the relevant pages are attached). The original contract was entered into after a request for proposals were done in January, 2014.

Three firms submitted proposals. The evaluation committee determined that RSM's proposal was superior. [describe procurement method, i.e., RFP, three proposals evaluated, etc.] Attach a copy of the most recent evaluation of the contractor's performance for any contract to be renewed or extended. If the contractor has not received a satisfactory evaluation, the department must explain why the contractor should nevertheless be permitted to continue to contract with the county.

IV. ☐ Pursuant to Executive Order No. 1 of 1993, as amended, at least three proposals were solicited and received. The attached memorandum from the department head describes the proposals received, along with the cost of each proposal.

- ☐ A. The contract has been awarded to the proposer offering the lowest cost proposal; **OR:**
- ☐ B. The attached memorandum contains a detailed explanation as to the reason(s) why the contract was awarded to other than the lowest-cost proposer. The attachment includes a specific delineation of the unique skills and experience, the specific reasons why a proposal is deemed superior, and/or why the proposer has been judged to be able to perform more quickly than other proposers.

V. ☐ Pursuant to Executive Order No. 1 of 1993 as amended, the attached memorandum from the department head explains why the department did not obtain at least three proposals.

- ☐ A. There are only one or two providers of the services sought or less than three providers submitted proposals. The memorandum describes how the contractor was determined to be the sole source provider of the personal service needed or explains why only two proposals could be obtained. If two proposals were obtained, the memorandum explains that the contract was awarded to the lowest cost proposer, or why the selected proposer offered the higher quality proposal, the proposer's unique and special experience, skill, or expertise, or its availability to perform in the most immediate and timely manner.
- ☐ B. The memorandum explains that the contractor's selection was dictated by the terms of a federal or New York State grant, by legislation or by a court order. (Copies of the relevant documents are attached).
- ☐ C. Pursuant to General Municipal Law Section 104, the department is purchasing the services required through a New York State Office of General Services contract no. _____, and the attached memorandum explains how the purchase is within the scope of the terms of that contract.

- ☐ D. Pursuant to General Municipal Law Section 119-o, the department is purchasing the services required through an inter-municipal agreement.

VI. ☐ This is a human services contract with a not-for-profit agency for which a competitive process has not been initiated. Attached is a memorandum that explains the reasons for entering into this contract without conducting a competitive process, and details when the department intends to initiate a competitive process for the future award of these services. For any such contract, where the vendor has previously provided services to the county, attach a copy of the most recent evaluation of the vendor's performance. If the contractor has not received a satisfactory evaluation, the department must explain why the contractor should nevertheless be permitted to contract with the county.

In certain limited circumstances, conducting a competitive process and/or completing performance evaluations may not be possible because of the nature of the human services program, or because of a compelling need to continue services through the same provider. In those circumstances, attach an explanation of why a competitive process and/or performance evaluation is inapplicable.

VII. ☐ This is a public works contract for the provision of architectural, engineering or surveying services. The attached memorandum provides details of the department's compliance with Board of Supervisors' Resolution No.928 of 1993, including its receipt and evaluation of annual Statements of Qualifications & Performance Data, and its negotiations with the most highly qualified firms.

VIII. ☒ Participation of Minority Group Members and Women in Nassau County Contracts. The Selected Contractor has agreed that it has an obligation to utilize best efforts to hire MWBE sub-contractors. Proof of best efforts as outlined in Exhibit "EE" may be requested by the Comptroller's Office prior to the approval of claim vouchers.

IX. ☐ Department MWBE responsibilities. To ensure compliance with MWBE requirements as outlined in Exhibit "EE", Department will require vendor to submit list of sub-contractor requirements prior to the contract being submitted to the Comptroller.

X. ☒ Vendor will not require any sub-contractors.

In addition, if this is a contract with an individual or with an entity that has only one or two employees:

☐ a review of the criteria set forth by the Internal Revenue Service, *Revenue Ruling No. 87-41, 1987-1 C.B. 296*, attached as Appendix A to the Comptroller's Memorandum, dated February 13, 2004, concerning independent contractors and employees indicates that the contractor would not be considered an employee for federal tax purposes.



Department Head Signature

2/26/16
Date

NOTE: *Any information requested above, or in the exhibit below, may be included in the county's "staff summary" form in lieu of a separate memorandum.*

Compt. form Pers./Prof. Services Contracts: Rev. 09/15



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
02/29/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Aon Risk Services Northeast, Inc. 199 Water Street, 9th Floor New York, N.Y. 10038	CONTACT NAME:	
	PHONE (A/C, No, Ext):	FAX (A/C, No):
INSURED RSM US LLP 331 West Third Street, Suite 200 Davenport, IA 52801	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	
	INSURER A: North American Capacity Insurance Company	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
INSURER F:		

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY						
	<input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR						EACH OCCURRENCE \$
							DAMAGE TO RENTED PREMISES (Ea occurrence) \$
							MED EXP (Any one person) \$
							PERSONAL & ADV INJURY \$
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE \$
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						PRODUCTS - COMP/OP AGG \$
	OTHER:						\$
	AUTOMOBILE LIABILITY						
	<input type="checkbox"/> ANY AUTO						COMBINED SINGLE LIMIT (Ea accident) \$
	<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per person) \$
	<input type="checkbox"/> HIRED AUTOS						BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> NON-OWNED AUTOS						\$
	UMBRELLA LIAB						EACH OCCURRENCE \$
	<input type="checkbox"/> EXCESS LIAB						AGGREGATE \$
	<input type="checkbox"/> OCCUR						\$
	<input type="checkbox"/> CLAIMS-MADE						\$
	DED RETENTION \$						\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N	N/A				PER STATUTE OTH-ER
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. EACH ACCIDENT \$
							E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$
A	Miscellaneous Professional Liability Insurance			ZZL0000117-02	04-Jan-15	01-Jul-16	Not less than US\$1,000,000 any one claim and in the aggregate.

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER**CANCELLATION**Nassau County
Attn: George Maragos, Comptroller
240 Old Country Road
Mineola, NY 11501

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Aon Risk Services Northeast, Inc.

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
11/24/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Marsh USA Inc. 2405 Grand Boulevard, #900 Kansas City, MO 64108 Attn: KansasCity.CertRequest@marsh.com Fax: 212-948-0015 111314 75810 CBrice		CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS: FAX (A/C, No):	
INSURED RSM US LLP One South Wacker Drive, Suite 800 Chicago, IL 60606		INSURER(S) AFFORDING COVERAGE INSURER A: Sentry Insurance A Mutual Company INSURER B: Sentry Casualty Company INSURER C: N/A INSURER D: INSURER E: INSURER F:	
		NAIC # 24988 26460 N/A	

COVERAGES **CERTIFICATE NUMBER:** CHI-006058343-04 **REVISION NUMBER:** 2

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:			[REDACTED]	11/30/2015	11/30/2016	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS			[REDACTED]	11/30/2015 11/30/2015	11/30/2016 11/30/2016	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB DED <input type="checkbox"/> RETENTION \$			[REDACTED]			EACH OCCURRENCE \$ AGGREGATE \$
A	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	[REDACTED]	11/30/2015 11/30/2015	11/30/2016 11/30/2016	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

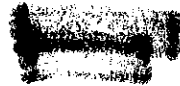
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Nassau County is named as Additional Insured (except Workers Compensation) if required to be so by written contract.

CERTIFICATE HOLDER

CANCELLATION

Nassau County Attn: George Maragos, Comptroller 240 Old Country Road Mineola, NY 11501	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE of Marsh USA Inc. Keith A. Stiles
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AMENDMENT NO. 1

AMENDMENT (together with any appendices or exhibits hereto, this "Amendment") dated as of December 29, 2015 between (i) Nassau County, a municipal corporation having its principal office at 1550 Franklin Avenue, Mineola, New York 11501 (the "County"), acting for and on behalf of the Office of the Nassau County Comptroller, having its principal office at 240 Old Country Road, Mineola, New York 11501 (the "Department), and (ii) RSM US LLP ("RSM", f/k/a McGladrey LLP), having its principal office at 1185 Avenue of the Americas, New York, New York 10036 (the "Contractor").

WITNESSETH:

WHEREAS, pursuant to County contract number CQCO14000004 between the County and the Contractor, executed on behalf of the County on December 15, 2014, as amended by the arrangement letter, dated January 6, 2015, the County contract, is hereby referred to as the "Original Agreement", the Contractor provides services in connection with the complete annual financial audit of the County and single audits of federally funded programs, which services are more fully described in the Original Agreement (the services contemplated by the Original Agreement, the "Services"); and

WHEREAS, the term of the Original Agreement was from the commencement of the audit of the County's financial statements, and shall end with the completion of all Audit Services for the

fiscal year ending December 31, 2016, unless sooner terminated in accordance with the terms of the Original Agreement (the "Original Term");

WHEREAS, the maximum amount that the County agreed to reimburse the Contractor for Services under the Original Agreement, as full compensation for the Services, was Nine Hundred Thousand and 00/100 Dollars (\$900,000.00) ("Maximum Amount");

WHEREAS, the Original Agreement provided that where there is a change in the scope of Services or any agreed-upon audit-related services to be provided under this Agreement, or in any circumstance with respect to the Original Agreement, the parties shall negotiate in good faith to make an equitable adjustment to the rates;

WHEREAS, the County and Contractor deem it in their respective best interests to include additional audit-related services as part of the Services and to increase the Maximum Amount to provide funds for such additional audit-related services;

WHEREAS, the County and the Contractor desire to further amend the Original Agreement as and to the extent set forth in this Amendment; and

NOW, THEREFORE, in consideration of the promises and mutual covenants contained in this Amendment, the parties agree as follows:

1. Amount of Consideration: The Maximum Amount in the Original Agreement shall be increased pursuant to Section 4 (A) (3) of the Original Agreement by Sixty-Four Thousand Seven Hundred and Eighty Three and 00/100 Dollars (\$64,783.00) as compensation for additional audit related services relating to the Contractor's audit of the County's financial statements, so that the maximum amount that the County shall pay the Contractor as full consideration for all Services provided under the Original Agreement, as amended by this Amendment (the "Amended Agreement"), shall not

exceed Nine Hundred Sixty-Four Thousand Seven Hundred and Eighty-Three and 00/100 (\$964,783.00) (the "Amended Maximum Amount").

2. Services: The Services to be provided by the Contractor as set forth in Paragraph II of the Original Agreement shall be amended to include the following additional services performed by Contractor in related to the following items, with their respective costs:
 - a. Adjustments to Preliminary Trial Balance due to untimely and unexpected circumstances in adjusting entries at a maximum cost of Twenty-Four Thousand Seven Hundred and Five Dollars and 00/100 (\$24,705.00);
 - b. Adjustments to Cash Balance due to untimely and unexpected circumstances related to recording cash collected by the Treasurer's Office which was not timely recorded in the year-end cash, revenue and other balance sheet accounts at a maximum cost of Five Thousand Seven Hundred Forty-Eight Dollars and 00/100 (\$5,748.00);
 - c. Adjustments to deferred revenue in the Grant Fund due to untimely and unexpected circumstances related to the recording of revenue in the Grant Fund in a prior year at a maximum cost of Eight Thousand Six Hundred Eighty-Nine Dollars and 00/100 (\$8,689.00);
 - d. Adjustments to revenue received from the Nassau County Tobacco Settlement Corporation relating to the adoption in 2007 of GASB 48 due to untimely and unexpected circumstances at a maximum cost of Seven Thousand and Ninety-Seven Dollars and 00/100 (\$7,097.00); and

- e. Adjustments to the reporting of FEMA expenditures for Single Audit reporting due to untimely and unexpected circumstances at a maximum cost of Eighteen Thousand Five Hundred Forty-Four Dollars and 00/100 (\$18,544.00).

3. Full Force and Effect. All the terms and conditions of the Original Agreement not expressly amended by this Amendment shall remain in full force and effect and govern the relationship of the parties for the term of the Amended Agreement.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date.

RSM US, LLP

By: Jennifer Katz
Name: Jennifer Katz
Title: Director
Date: 2-17-16

PLEASE EXECUTE IN BLUE INK

State of New York)
County of NY) ss.:

On the 17th day of February in the year 2016 before me personally appeared Jennifer Katz, to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of New York; that he or she is a Director of RSM US LLP, the limited liability company described herein and which executed the above instrument; and that he or she signed his or her name by authority of the partners of said limited liability company.

Gail M. Parker
NOTARY PUBLIC

Gail M Parker
Notary Public, State of New York
NO 01PA6126374
Qualified in New York County
Commission Expires May 02, 2017

By: _____

Title: County Executive

(or) Deputy County Executive

Date: _____

STATE OF NEW YORK)) ss.:
COUNTY OF NASSAU)

Notary Public

100

**E-288-14****Contract Details**

SERVICE: 2014 County Audit

NIFS ID #: CQCO14000004 LINE 01 NIFS Entry Date: 11/19/14 Term: 1/1/14 to 12/31/16 CAFR Year

New <input checked="" type="checkbox"/> Renewal <input type="checkbox"/>	1) Mandated Program:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Amendment <input type="checkbox"/>	2) Comptroller Approval Form Attached:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Time Extension <input type="checkbox"/>	3) CSEA Agreement § 32 Compliance Attached:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Addl. Funds <input type="checkbox"/>	4) Vendor Ownership & Mgmt. Disclosure Attached:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Blanket Resolution <input type="checkbox"/>	5) Insurance Required	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
RES#		

Agency Information

Vendor		County Department	
Name McGladrey LLP	Vendor ID# 420714325-01	Department Contact Sergio A. Blanco	
Address 1185 Avenue of the Americas, New York, NY 10036	Contact Person Robert G. Rooney	Address 240 Old Country Road, Mineola, NY 11501	
	Phone (212) 372-1033	Phone (516) 571-2854	

Routing Slip

DATE Rec'd.	DEPARTMENT	Internal Verification	DATE App'd & Fw'd.	SIGNATURE	Leg. Approval Required
	Department	NIFS Entry (Dept) NIFS Appvl (Dept. Head) Contractor Registered	<input type="checkbox"/> 11/20/14 <input type="checkbox"/>	<i>Sergio A. Blanco</i>	
11/20	OMB	NIFS Approval (Contractor Registered)	<input type="checkbox"/> 11/21	<i>MacLellan</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Not required if blanket resolution
11/21/14	County Attorney	CA RE & Insurance Verification	<input checked="" type="checkbox"/> 11/21/14	<i>A. Amato</i>	
11/21/14	County Attorney	CA Approval as to form	<input type="checkbox"/> 11/21/14	<i>823</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
	Legislative Affairs	Fw'd Original Contract to CA	<input type="checkbox"/> 11/21/14	<i>Sergio A. Blanco</i>	
	County Attorney	NIFS Approval	<input type="checkbox"/> 12/24/2014	<i>823</i>	
	Comptroller	NIFS Approval	<input checked="" type="checkbox"/> 12/1/14	<i>SD</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> 12/4/14
	County Executive	Notarization Filed with Clerk of the Leg.	<input type="checkbox"/> 12/15/14 <input type="checkbox"/>	<i>SD</i>	



Contract Summary

Description: Audit of the County's Financial Statements for the 2014 through 2016 CAFR years
Purpose: Contractor is to perform comprehensive audit of County's financial statements, provide management letters, perform the County's federally mandated single audit and other related services.
Method of Procurement: A request for proposals was done in January 2014.
Procurement History: Three firms submitted proposals. After a lengthy evaluation process, including presentations by three of the three proposers, and Best and Final Offers from the three proposers, the evaluation committee determined that McGladrey's proposal was superior to the rest.
Description of General Provisions: Complete annual financial audit of the County and Single Audits of Federally Funded programs, inclusive of monies received under ARRA management letters.
Impact on Funding / Price Analysis: \$300,000.
Change in Contract from Prior Procurement: N/A
Recommendation: Approve as submitted

Advisement Information

BUDGET CODES	
Fund:	GEN
Control:	CO
Resp:	1200
Object:	DE503
Transaction:	103

FUNDING SOURCE	AMOUNT
Revenue Contract <input type="checkbox"/>	XXXXXXXX
County	\$300,000
Federal	\$
State	\$
Capital	\$
Other	\$
TOTAL	\$300,000

LINE	INDEX/OBJECT CODE	AMOUNT
01	COGEN1200 DE503	\$300,000
X		\$
X		\$
X	<i>11/21/14</i>	\$
X		\$
X		\$
TOTAL		\$300,000

RENEWAL	
% Increase	
% Decrease	

Document Prepared By: _____ Date: _____

NIFS Certification	Comptroller Certification	County Executive Approval
I certify that this document was accepted into NIFS.	I certify that an unencumbered balance sufficient to cover this contract is present in the appropriation to be charged.	Name: <i>[Signature]</i>
Name: <i>[Signature]</i>	Name: <i>[Signature]</i>	Date: <i>12/15/14</i>
Date: <i>12/15/14</i>	Date: <i>12/15/14</i>	<i>(For Office Use Only)</i>
		E #:

RULES RESOLUTION NO. – 2014 •

A RESOLUTION AUTHORIZING THE COUNTY EXECUTIVE
TO EXECUTE A PERSONAL SERVICES AGREEMENT BETWEEN
THE COUNTY OF NASSAU, ACTING ON BEHALF OF THE NASSAU
COUNTY COMPTROLLER'S OFFICE, AND MCGLADREY LLP

WHEREAS, the County has negotiated a personal services agreement
with McGladrey LLP to provide comprehensive audit services, a copy of
which is on file with the Clerk of the Legislature; now, therefore, be it

RESOLVED, that the Rules Committee of the Nassau County
Legislature authorizes the County Executive to execute the said agreement
with McGladrey LLP.

E-288-14

RULES RESOLUTION NO 320 2014

A RESOLUTION AUTHORIZING THE COUNTY EXECUTIVE
TO EXECUTE A PERSONAL SERVICES AGREEMENT BETWEEN
THE COUNTY OF NASSAU, ACTING ON BEHALF OF THE NASSAU
COUNTY COMPTROLLER'S OFFICE, AND MCGLADREY LLP

Passed by the Rules Committee
Nassau County Legislature
By Voice Vote on 12-7-14
VOTING:
ayes 7 nays 0 abstained 0 recused 0
Legislators present: 7

WHEREAS, the County has negotiated a personal services agreement
with McGladrey LLP to provide comprehensive audit services, a copy of
which is on file with the Clerk of the Legislature; now, therefore, be it

RESOLVED, that the Rules Committee of the Nassau County
Legislature authorizes the County Executive to execute the said agreement
with McGladrey LLP.



OFFICE OF THE COMPTROLLER

240 Old Country Road
Mineola, New York 11501

**COMPTROLLER APPROVAL FORM FOR PERSONAL,
PROFESSIONAL OR HUMAN SERVICES CONTRACTS**

Attach this form along with all personal, professional or human services contracts, contract renewals, extensions and amendments.

CONTRACTOR NAME: McGladrey LLP

CONTRACTOR ADDRESS: 1185 Avenue of the Americas, New York, New York 10036

FEDERAL TAX ID #: 420714325

Instructions: Please check the appropriate box ("☑") after one of the following roman numerals, and provide all the requested information.

I. ☐ The contract was awarded to the lowest, responsible bidder after advertisement for sealed bids. The contract was awarded after a request for sealed bids was published in _____ [newspaper] on _____ [date]. The sealed bids were publicly opened on _____ [date]. _____ [#] of sealed bids were received and opened.

II. ☒ The contractor was selected pursuant to a Request for Proposals.

The Contract was entered into after a written request for proposals was issued on 1/8/13. Potential proposers were made aware of the availability of the RFP by newspaper advertisement, and posting on website. 3 potential proposers requested copies of the RFP. Proposals were due on 3/14/14. 3 proposals were received and evaluated. The evaluation committee consisted of: Judy Bejarano; Lisa Tsikouras and Christopher Leimone. The proposals were scored and ranked. As a result of the scoring and ranking (attached), the highest-ranking proposer was selected.

III. ☐ This is a renewal, extension or amendment of an existing contract.

The contract was originally executed by Nassau County on _____ [date]. This is a renewal or extension pursuant to the contract, or an amendment within the scope of the contract or RFP (copies of the relevant pages are attached). The original contract was entered into after _____

[describe procurement method, i.e., RFP, three proposals evaluated, etc.] Attach a copy of the most recent evaluation of the contractor's performance for any contract to be renewed or extended. If the contractor has not received a satisfactory evaluation, the department must explain why the contractor should nevertheless be permitted to continue to contract with the county.

IV. ☐ Pursuant to Executive Order No. 1 of 1993, as amended, at least three proposals were solicited and received. The attached memorandum from the department head describes the proposals received, along with the cost of each proposal.

- ☐ A. The contract has been awarded to the proposer offering the lowest cost proposal; **OR:**
- ☐ B. The attached memorandum contains a detailed explanation as to the reason(s) why the contract was awarded to other than the lowest-cost proposer. The attachment includes a specific delineation of the unique skills and experience, the specific reasons why a proposal is deemed superior, and/or why the proposer has been judged to be able to perform more quickly than other proposers.

V. ☐ Pursuant to Executive Order No. 1 of 1993 as amended, the attached memorandum from the department head explains why the department did not obtain at least three proposals.

- ☐ A. There are only one or two providers of the services sought or less than three providers submitted proposals. The memorandum describes how the contractor was determined to be the sole source provider of the personal service needed or explains why only two proposals could be obtained. If two proposals were obtained, the memorandum explains that the contract was awarded to the lowest cost proposer, or why the selected proposer offered the higher quality proposal, the proposer's unique and special experience, skill, or expertise, or its availability to perform in the most immediate and timely manner.
- ☐ B. The memorandum explains that the contractor's selection was dictated by the terms of a federal or New York State grant, by legislation or by a court order. (Copies of the relevant documents are attached).
- ☐ C. Pursuant to General Municipal Law Section 104, the department is purchasing the services required through a New York State Office of General Services contract no. _____, and the attached memorandum explains how the purchase is within the scope of the terms of that contract.

- ☐ D. Pursuant to General Municipal Law Section 119-o, the department is purchasing the services required through an inter-municipal agreement.

VI. ☐ This is a human services contract with a not-for-profit agency for which a competitive process has not been initiated. Attached is a memorandum that explains the reasons for entering into this contract without conducting a competitive process, and details when the department intends to initiate a competitive process for the future award of these services. For any such contract, where the vendor has previously provided services to the county, attach a copy of the most recent evaluation of the vendor's performance. If the contractor has not received a satisfactory evaluation, the department must explain why the contractor should nevertheless be permitted to contract with the county.

In certain limited circumstances, conducting a competitive process and/or completing performance evaluations may not be possible because of the nature of the human services program, or because of a compelling need to continue service through the same provider. In those circumstances, attach an explanation of why a competitive process and/or performance evaluation is inapplicable.

VII. ☐ This is a public works contract for the provision of architectural, engineering or surveying services. The attached memorandum provides details of the department's compliance with Board of Supervisors' Resolution No. 928 of 1993, including its receipt and evaluation of annual Statements of Qualifications & Performance Data, and its negotiations with the most highly qualified firms.

In addition, if this is a contract with an individual or with an entity that has only one or two employees:

☐ a review of the criteria set forth by the Internal Revenue Service, *Revenue Ruling No. 87-41, 1987-1 C.B. 296*, attached as Appendix A to the Comptroller's Memorandum, dated February 13, 2004, concerning independent contractors and employees indicates that the contractor would not be considered an employee for federal tax purposes.

Steven J. Salviolo

Department Head Signature

11/20/14

Date

NOTE: Any information requested above in the exhibit below, may be included in the county's "staff summary" form in lieu of a separate memorandum.

Compt. form Pers./Prof. Services Contr. Rev. 02/04

McGladrey LLP Owners

Name	Lic State	License #
Abernethy, Linda S		
Adams, Joseph M		
Adams, Robert Daniel		
Adinolfi, Jonathan D		
Allen, Robert L		
Altschul, Daniel		
Altshuler, Jeffrey M		
Alzfan, Alan D		
Anderson, Chad		
Anderson, Christopher V		
Anderson, Kelly L		
Anderson, Michael		
Andrews, David M		
Antman, Marvin R		
Antonopoulos, Nikolaos George		
Arata, James L		
Archer, Michael		
Astren, Steven		
Atwell Jr, Alan George		
Aubrey, Nancy L		
Azbell, Kerry B		
Bachman, Dennis M		
Bailitz, Owen		
Baker, Jeffery C		
Bakker, Christie		
Baldowski, Patricia A		
Balter, Michael Andrew		
Banse, Christopher E		
Barnes, Stephen J		
Barsky, Scott A		
Bartak, Edward J		
Bartman, Jean C		
Bartucca, Michael A		
Bassett, Scott A		
Beacom, Michael J		
Beal, James A		
Becker, Brian J		
Becker, Marla		

Name	Lic State	License #
Beegle, Melna		
Beelendorf, Douglas		
Behringer, John		
Bender, Michael W		
Beneventi, Tom		
Benfatti, Joseph James		
Benjamin, Ian J		
Bennett, Kelly D		
Berger, Benjamin Aaron		
Berkowitz, Saul G		
Bernstein, Bruce		
Best, Curtis D		
Best, Robert		
Bevlacqua, Michael A		
Billig, Robert H		
Bird, John		
Blacklaw, Brian N		00567026935
Blakey, Paul		00567026935
Blaze, Thomas		00567026935
Blomgren, Charles J		
Bloom, Mark L		
Boelter, Angela D		
Borgman, Sequoya		
Botzis, Michael		
Bourassa, Jerome P		
Bowman, Karen A		
Brackett, John		
Bradford, Christopher M		
Bradica, Matthew L		
Bravo, Carlos		
Briggs, Todd		
Broberg, Brad W		
Brock, Lisa L		
Brown, Arthur		
Brunk, Martin P		
Budnik, Gregory		
Burdine, Theresa A		
Burger, Jon I		
Burgmeyer, Charles R		
Burke III, Robert M		
Burke, Janette D		
Burtner, Thomas		
Butler, Kerensa		
Byman, James F		

Name	Lic State	License #
Cadden, John D.		
Calcedo, Angelika M		
Cain, Paul G		
Callens, Robert J		
Campana, Michael F		
Cannon, Wm Louis		
Capistrant, Andrew C		
Cappelloni, Albert J		
Carboni, Lawrence J		
Carney, Shawn P		
Carr, Charles		
Carr, Robert		
Cashin, James L		
Castillo, Flavio R		
Castle, Dara F		
Cataldo, Joseph		
Caturano, Richard		
Ceci Jr., Anthony D		
Chaberski, Mark P		
Chaffin, Kenneth W		
Chance, Mary Catherine		
Christner, Charles J		
Chugh, Gireesh		
Clines, Charles H		
Clontz Jr, Charles E		
Coakley, Terrence		
Coffland, Matthew		
Cohen, Allan H		
Cohn, Samuel		
Compani, Frank T		
Condon III, Richard J		
Conroy, Patrick J		
Corns, Steven		
Couch, Michael George		
Cox, Lance S		
Craft III, H. Charles		
Croft, Brenda M		
Cronauer, James J		
Cummings, Richard M		
Curttright, Vincent A		
Davenport, Sam D		
Davis, Keith J		
Davis, Susan L		
Davisson, Richard A		

Name	Lic State	License #
Dawson, Harold W		
Day, Richard D		
de la Fe, Sergio		
Decilveo Jr, Joseph E		
DeFllio, Scott D		
DeGrandis, Ron		
Dehner, Linda C		
Deiso, Phyllis		
Del Re, Catherine		
DeLuca, Albert J		
Dempsey, Gregory		
Denney, James Jay		
Dennis, Joseph L		
Dennis, Mark		
Devine, Martin F		
Devino, Gregory L		
DeWulf, Craig R		
Digiusto, David A		
Dimino, Thomas J		
Doggett, Ty P		
Dombrowski, Robert A		
Douvris, George		
Dow, Stacy E		
Draxler, Steven		
Drollinger, Lenore L		
Dubois, Dominic S		
Dunlap, Randall W		
Dykes, Arthur J		
Eash, Robert E		
Edelheit, Richard		
Edwards, Mark Y		
Edwardson, John M		
Egbert, Allison H		
Eidelman, Aaron J		
Estes, James R		
Eto, Dwayne S		
Evans, Edward W		
Evans, John F		
Evans, Joseph J		
Fanelli, Michael		
Farrell, Thomas M		
Feeney, James D		
Feldman, David N		
Feldmann, Robert Raymond		

Name	Lic State	License #
Ferraro, Michael		
Ferreira, Thomas H		
Fischer, Charles J		
Fischer, Frederick L		
Flemmer, Jefry D		
Fleura, Shawn		
Foraste, Michael C		
Forde, Mark W		
Fortsch, Zachary A		
Foster, Rodney D		
Fox, Julie A.		
Fox, Michael		
Frankel, David		
Franken, Galen Ross		
Frattasio, Robert A		
Friedman, Brett		
Friedman, Martin		
Furst, Kenneth W		
Gaffey, Daniel J		
Gaines, Mark		
Gallagher, Paul J		
Gallagher, Timothy M		
Gallegra, Vincent		
George, John		
Gidlow, Eric A		
Gilbert, Meredith A		
Gillespie, Patrick G		
Glazik, Robert Anthony		
Godwin, Armlid A		
Golebiowski, Rich		
Gorman, William J		
Gradi, Steven		
Green, Thomas		
Greer, Michael S		
Greif, Martin		
Greisch, James R		
Griffin, David H		
Gross, Guy M		
Gruidl, Nicholas P		
Guariglia, Joseph N		
Guilovich, Paul J		
Hagan, Patrick J		
Hague, John T		
Halkitis, Michael J		

Name	Lic State	License #
Hallick, Michael T		
Hanmer, Lisa C		
Hanover, Christine A		
Harder, John		
Hartema, Brett M		
Harvey, Mark		
Harvey, Matthew C		
Hassett, William		
Hawkins, Bert		
Healey, Kathryn		
Hedden, Dale K		
Hegarty, Kay L		
Heidt, Robert H		
Hemelt, Matthew E		
Henderson, Kyle D		
Hendren, Roger L		
Henson, Jeremy Steven		
Hernandez, Carlos		
Hershberger, Brad L		
Hill, Jeffery A		
Hill, Tammy M		
Hillmann, Jon P		
Hirsh, Lawrence Mark		
Hirsh, Mitchell		
Hoff, Melanie S		
Holland, Troy D		
Horaney, Michelle		
Horn, William K		
Horne, Thomas G		
Houle, Julie M		
Hren, Brian		
Hubbard Jr, Lloyd J		
Hudson, Melvin E		
Isaac, Elliot		
Jackson, Todd A		
Jenkins, Gary		
Jensen, Robert F		
Jestel, James		
Jlrsa, Robert J		
Joaquin, C Dean		
Johannesen, Jeffrey		
Johnson, Randolph L		
Johnson, Steven		
Johnson, Steven R		

Name	Lic State	License #
Jones, Brandon K		
Jong, Karen W		
Jorth, Bruce J		
Jugan, Steve		
Kadavy, James M		
Kalic, Loraine A		
Kalla, Jennifer A		
Kastenschmidt, Robert		
Kathe, Shari L		
Kaufman, Gabrielle		
Kellogg, Jason J		
Kennedy, Kristi		
Kent, Ronald D		
Kessel, Morton		
Keyler, Lawrence		
Keyser, John David		
Klehl, Gregg		
Kimball, J. Scott		
Kinslow, Joseph S		
Kirley, Thomas Michael		
Kirn, Steven		
Kirsh, Michael A		
Kissell, Gerald B		
Kitchen, Patrick		
Klntworth, David J		
Knudson, James R		
Koch, Timothy J		
Kolodkin, Ronald		
Koltun, Steven M		
Kopew, Steven P		
Kostick, Tasha Rae		
Kral, Mark E		
Kramer, Gary M		
Kreiner, Chaim H		
Krezek, James A		
Krowczyk-Mendoza, Sherrie A		
Kubicek, Christie L		
Kultgen, Mark		
Kurek, Karen L		
Kwiatek, Harlan J		
LaFrance, Steven W		
Lambrix, Gary R		
Lamothe, Marc P		
Landau, Gerald		

Name	Lic State	License #
Langley Jr, Robert P		
Lanza, John		
Lapidus, Carol C		
Lauritsen, Kaye A		
Leblanc, Larry L		
Leffler, William H		
Lemke, Eric		
LeMond, Ryan T		
Lenz, Thomas C		
Lesser, Simon		
Levenson, Daniel F		
Levine, Lawrence		
Leyden, Thomas		
Linders, Martina		
Lipari, Donald		
Lockwood, Debra K		
Logan, Robert M		
Lord, Sara		
Lorusso, Mark		
Lundberg, Michael D		
Luzi, David S		
Machara, Joseph		
Mack, Christine T		
MacKenzie, Christopher J		
Mackey, Scott		
Macora, Stanley		
Maddux, Gregory A		
Maginley, Donovan		
Mahoney Jr., Joseph E		
Majer, John		
Mansk, James Kenneth		
Mantas, John H		
Marcotte, Milton J		
Margolis, Barry H		
Marinacci, Thomas P		
Markey, Wayne Carl		
Marquardt, Dennis Duane		
Marrano, Brian C		
Marshall, Brian		
Marshburn, Morris R		
Martin, Garrick L		
Martin, Jerome J		
Marvel, Paul J		
Mascareno, Samuel		

Name	Lic State	License #
Massmann, Lance Walter		
Matheny, James Stephen		
Matthys, Ryan		
Maves, Brandon M		
Mazza, Joseph D		
McCann, Steven J		
McCarragher, Joseph D		
McClelland, Stephen		
McConnell, Paige M		
McCourt, John G		
McDonald, Robert Joseph		
McMahan, Ben L		
McNamee, Mark		
McNeal, Timothy D		
McParland, John		
Menaker, Steven Alan		
Meritt, Brian S		
Metzger, Moshe		
Meyer, Joel		
Milewski, Thomas A		
Miller, Faye		
Miller, Kenneth L		
Millmann, Daniel C		
Miskell, Mark W		
Monaghan, Michael P		
Moore, Robert B		
Morgan, Bryce W		
Moritz, Timothy E		
Morton, James F		
Mulloy, Patrick		
Mulvey, Peter T		
Muratovic, Haslan		
Murphy Hlrata, Patricia		
Murphy, Christopher M		
Murphy, Craig A		
Musi, Gennaro		
Nacmlas, Joseph		
Nahom, Robert		
Natalucci, Gregory P		
Natenstedt, Donald E		
Nedder, Ernest J		
Nelson, Michael V		
Neumann, Roger L		
Newman, Phillip		

Name	Lic State	License #
Nichols, Richard		
Nickel, Jamie S		
Nicolopoulos, John		
Niden, Henry		
Nietzel, Terri L		
Nockels, Paul J		
Norfleet, James		
Nudelman, Mendel		
Nunez, Alfonso		
O'Brien, William J		
O'Connor, Douglas J		
Oeth, David R		
Ohlger, Teri A		
O'Leary, Thomas		
Ophelm, Douglas W		
Parico, Stephan		
Paul, Alan D		
Pavano, Carrie A		
Peikes, Rebecca		
Peltz, Scott		
Perez, Eric		
Perez, Patricio J		
Petersen, Dustin C		
Peterson, David B		
Petrus, William J		
Phipps, Jeannette I		
Pierce, Christopher M		
Pierson, Ronald G		
Pinkus, Paul		
Plutzer, Robert		
Pohlman, Scott C		
Pottratz, Michael		
Price, Dean R		
Prien, Kevin K		
Prillaman, Jacquelyn		
Prough, Roger L		
Radford, Michael		
Radke, Craig T		
Ragan, Randy A		
Randles, Gary R		
Rate Jr, Richard A		
Reagan, Kevin		
Reffner, Karen L		
Rehberger, Paul		

Name	Lic State	License #
Rennie, Marcia		
Ricchezza, Joseph R		
Richardson, James M		
Ridenour, Craig		
Rilling, John		
Rineberg, Michael S		
Ritsche, Mark A		
Ritzert, David M		
Roeder, Susan L		
Romano, John J		
Rominger, Jack L		
Roozeboom, Douglas T		
Rosenthal, Barry		
Ross, Jeffrey A		
Rotta, Matthew Joseph		
Rourick, Thomas J		
Routh, Daniel James		
Rucker, Brandon T		
Sancewich, Wendy M		
Sanders, John H		
Sanderson, Colin		
Sandler, Eric		
Sannella, Louis J		
Santori, Mary Beth		
Sasse, Denise A		
Saunders, Rodney L		
Savva, Elisavet M		
Schaedel, Larry W		
Scharenbroch, Carl L		
Schena, Robert J		
Schmidt, John		
Schmidt, Stephen A		
Schneidman, Byron		
Schnell, Thomas M		
Schoenauer, Steven R		
Schroeder, Kathleen O		
Schu, Gregory P		
Schulte, Jon P		
Schultz, Charles		
Schwartz, Terry		
Sciarappa, Donna M		
Score, Douglas O		
Scudder, David		
Seaton, Jennifer		

Name	Lic State	License #
Seaway, William		
Seidel, Jeffry B		
Seiler, David J		
Sekhri, Vikas		
Sengstock, Dean A		
Sevier, Jason		
Shah, Kislay		
Shamon, Joel		
Shaw, Patrick T		
Shaw, Thomas J		
Sheeley, Stacey		
Sher, Michael		
Sheridan, Rebecca T		
Shlenger, Harry		
Sibley, Jason A		
Siegel, Charles Mitchell		
Siegel, Terri T		
Silver, David		
Simonson, Beryl D		
Singer, Cristin		
Sisler, Melissa R		
Sjoholm, Joseph P		
Smaroff, Duke G		
Smith, David N		
Smith, James M		
Smith, Kevin M		
Smith, Michael D		
Smith, Roger K		
Sneeringer, Thomas J		
Snyder, Mark L		
Sobhy, Mohamed		
Sokolowski, Christopher J		
Spigelman, Alan Howard		
Spizman, William D		
Sprague, David B		
Spreitzer, James B		
Sproull, John Patrick		
Stackpole, Leslie B		
Stanley, Mark		
Steil, Thomas R		
Steinberg, Joel		
Sterling, David A		
Stoehr, Kory J		
Stoettner, Robert E		

Name	Lic State	License #
Stoneburner,Keith Lee		
Strauss,Amanda Claire		
Strype,Michael P		
Stuart,Richard		
Sundar Raj,Kartik		
Sweeney,James P		
Szczepaniak,Anthony		
Talcoff,Mathew D		
Tapscott,James F		
Tasel,Murat		
Tassitano,Tamara K		
Taub,Stuart		
Ten Pas,Harlan M		
Thiel,Chad		
Thomas-beck,Kathleen M		
Ticknor,Matthew M		
Tiefenthaler,Tim J		
Tomasiewicz,Beverly		
Tomaw,Mark A		
Topp,Corey A		
Trager,Michael H		
Tramp,Chad P		
Tritabaugh,Adam W.		
Tunning,Marty J		
Valderrama,James		
Valentine,Gretchen L		
Vandenberghe,Daniel A		
VanDyne,Rochelle Ann		
Vannucci,Kevin T		
Varga,Gerald		
Verdick,Martin E		
Vergo,Michael J		
Vial,Paul R		
Vitale,Leslie P		
Vogelsang,William		
Volpe,Ralph A		
Wagner,Jr,Horace		
Wagner,Robert E		
Walch,James M		
Wall,Daniel M		
Wallace,Keith T		
Wallgren,Donald		
Warley,Carol G		
Wasserman,Phillip M		

Name	Lic State	License #
Waterman,Jonathan A		
Wax,Laurie F		
Webb,Bruce P		
Weber Jr.,Eugene A		
Weber,John		
Weber,Michael B		
Weber,Ryan J		
Wehrheim,Richard D.		
Weil,Lynne		
Wells,William E		
Wetzel,Daniel		
Wheadon,Daniel J		
Whelan,Daniel		
Whetstone,Tracy		
Wilkens,Thomas Lee		
Williams,Colleen A		
Williams,Dana C		
Williams,Jeffrey G		
Williams,Michael F		
Wilson,Lisa T		
Wilson,Peter S		
Wilson,Scott H.		
Wilson-Jones,Darcelia A		
Windlinger,John R		
Windram,Thomas		
Wischmeyer Jr,Thomas A		
Woeli,James M		
Wood,David		
Woodworth,William J		
Worden,Clay		
Wozniczka,John		
Wright,Rodlee J		
Wright,Thomas M		
Yager,Jeffrey H		
Yonowitz,Arthur		
Young,Richard J		
Zalick,John P		
Zall,Bryan A		
Zanderson,Jason V		
Zompa,Nicole		
Zwart,Jeremy D		

CONTRACT FOR SERVICES

THIS AGREEMENT, dated, November 1, 2014, with the schedules, appendices, attachments and exhibits, if any, collectively referred to as the "Agreement," entered into by and between (i) Nassau County, a municipal corporation, with its principal office at 1550 Franklin Avenue, Mineola, New York 11501 (the "County"), acting through the Office of the County Comptroller (the "Comptroller" or the "Department"), having its principal office at 240 Old Country Road, Mineola, New York 11501 and (ii) McGladrey LLP, having its principal office at 1185 Avenue of the Americas, New York, NY 10036 (the "Contractor").

WHEREAS, the County desires to engage the Contractor to perform the Financial Audit services described in this Agreement; and

WHEREAS, the Contractor is willing and able to perform the within services for the County;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained in this Agreement, the parties agree as follows:

1. **Term.** This Agreement shall commence on the commencement of the audit of the County's financial statements, and shall end with the completion of all Audit Services for the fiscal year ending December 31, 2016. The County shall have the option to extend the agreement for up to two (2) additional years, with each extension covering the period from commencement through completion of Audit Services for each respective fiscal year through fiscal year ending December 31, 2018. All extensions shall be subject to mutual written consent of both parties.

2. **Services.** The services to be provided by the Contractor under this Agreement shall consist of performing an annual audit of the County's financial statements, the preparation of management letters, conducting federal and New York State agency mandated single audits, and performing other related services, as more particularly described below, as well as in the following exhibits, which are attached to and incorporated into this Agreement by reference; Exhibit A: Engagement Letter dated [redacted], Exhibit B: RFP dated [redacted], Contractor's Proposal in response to the RFP dated March 14, 2014, as modified by Exhibit D: the Contractor's Best and Final Offer letter dated June 13, 2014. In the event of any conflict between the terms of this Agreement, and any other documents, this Agreement, including any exhibits, schedules and appendices attached hereto, shall take precedence over the attached RFP and the Proposal.

- A. Auditing the general purpose financial statements and supplementary schedules included in the County's Comprehensive Annual Financial Report (the "CAFR") for fiscal years ending December 31, 2014 through 2016;
- B. Substantially complete Contractor's audit procedures by February 28 each year as they relate to the major funds' revenues and expenditures;
- C. Communicate recommended areas of improvement within the County's accounting processes and procedures in the County Comptroller's and Treasurer's offices, and other

key County agencies or offices, as identified during performance of the Services provided hereunder;

- D. Reporting on the County's internal control structure as a result of Contractor's audit of the County's financial statements and the County's compliance with laws and regulations that may have a material effect on the general-purpose financial statements. Contractor's report will provide recommendations about other aspects of the County's operations where opportunities for improvement are observed;
- E. Conducting the audit of the County's financial statements in accordance with auditing standards generally accepted in the United States of America ("Generally Accepted Auditing Standards") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("Generally Accepted Government Auditing Standards");
- F. Performing procedures and reporting for the County as required by the Single Audit Act, and as set forth by the United States Office of Management and Budget Circular A-133. Contractor will determine whether the County has complied with laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material effect on each of its major programs. This includes, but is not limited to, any and all funds that are required to be audited because they were received pursuant to the American Recovery and Reinvestment Act;
- G. Performing procedures and reporting for the County as required by the New York State Department of Transportation (NYSDOT) Single Audit Report in accordance with the NYSDOT requirements. Contractor will determine whether the County has complied with laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material effect on each of NYSDOT program and on internal control over compliance in accordance with Part 43 of the New York State Codification of Rules and Regulations;
- H. Preparing and issuing a management letter communicating the results of Contractor's evaluation of the County's internal controls performed as part of the audit of the financial statements. The management letter may also provide recommendations about other aspects of the County's operations where opportunities for improvement were observed. The management letter will be delivered within 60 days after the release of the CAFR and/or Federal Single Audit but no later than the last day of the fiscal year in which the reports are released;
- I. Provide comments on the CAFR and the application, as deemed appropriate by the Contractor, to assist the County in its annual effort to maintain its Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association;
- J. Performing all services specifically set forth in the Engagement Letter;
- K. The Contractor and the County shall enter into an Engagement Letter in substantially the same form as Exhibit B for the fiscal years 2015 and 2016, and if applicable, 2017 and 2018;

- L. In addition, the Contractor shall perform the following additional audit-related services:
- (1) Assist the County in evaluating its conclusions relating to accounting and financial reporting issues, and provide guidance relating to such conclusions;
 - (2) Make reasonable efforts to make certain that the County meets all statutory and other operational reporting deadlines on a timely basis;
 - (3) Provide CPE training to employees of the County Comptroller's Office, assisting on the financial statements and County personnel involved in the preparation of the County's single audits relating to Generally Accepted Government Auditing Standards, internal controls and compliance matters;
 - (4) Print and provide up to two-hundred (200) copies of each of the Deliverables for the County (as defined below) that are prepared pursuant to the audit engagement. Provide electronic versions of said Deliverables including secured copies;
 - (5) Perform procedures, required by Generally Accepted Auditing Standards or considered necessary by the Contractor, update financial statements and reports as necessary, in connection with the inclusion of the Contractor's audit report on the County's financial statements in the County's Official Statements in connection with debt offerings (e.g., bond or note offerings).

3. The Contractor shall conduct the audits and all related work under this Contract in accordance with Generally Accepted Auditing Standards ("GAAS"), as promulgated by the American Institute of Certified Public Accountants; with Generally Accepted Government Auditing Standards ("GAGAS"), as promulgated by the United States General Accounting Office in its publication, *Government Auditing Standards*; with standards issued by the Governmental Accounting Standards Board ("GASB"); with Generally Accepted Accounting Principles ("GAAP"); with the Single Audit Act Amendments of 1996 and the provisions of United States Office of Management and Budget ("OMB") Circular A-133, *Audits of State and Local Governments*; and with other authoritative auditing guidance in effect.

- A. The Contractor shall provide all reports and other materials requested by and prepared for the County electronically;
- B. The Contractor shall also provide to the County sufficient number of printed copies of the reports and other written materials prepared for the County under this Agreement in accordance with Section 2(L), above.

C. **Progress Reports.**

- i. Prior to commencing the Audit Services hereunder, the Contractor shall send to the County Comptroller an anticipated audit plan and schedule for the work to be performed for each audit area, including the personnel assigned and the anticipated hours required.
- ii. In addition, on a biweekly basis during the delivery of Services hereunder, the Contractor shall send to the County Comptroller a Progress Report, which will include, among other relevant data, a comparison of actual hours spent to the hours projected.

4. **Payment.**

A. **Amount of Consideration.**

(1) Except as otherwise provided in Section 4(A)(3) hereof, the maximum amount to be paid to the Contractor as full consideration for the Contractor's Services described in Section 2(A) – (L) under this Agreement, including during any extensions of the Agreement, as provided above, shall be subject to encumbrance and payable in accordance with the pricing structure set forth as follows:

Fiscal Year	Fee for County Audits
2014	\$300,000
2015	\$300,000
2016	\$300,000
2017	\$315,000
2018	\$315,000

(2) Any *Additional Services* requested by the County and agreed to by the Contractor shall be performed pursuant to this Agreement as follows:

Title	Hourly Rate
Partner	\$265
Director	\$176
Manager	\$155
Senior	\$110
Staff	\$68

(3) If there is a change (i) in the scope of Services or any agreed-upon additional audit-related services to be provided under this Agreement, or (ii) in any circumstance with respect to this Agreement (or any attachments hereto), the parties shall negotiate in good faith to make an equitable adjustment to the rates set forth in Section 4(A)(2) and the maximum amounts set forth in Section 4(A)(1) and incorporate said adjustments into written contract amendments.

- B. **Vouchers; Voucher Review, Approval and Audit.** Payments shall be made to the Contractor in arrears and shall be contingent upon (i) the Contractor submitting a claim voucher (the "Voucher") in a form satisfactory to the County, that (a) states with reasonable specificity the services provided and the payment requested as consideration for such services, (b) certifies that the services rendered and the payment requested are in accordance with this Agreement, and (c) is accompanied by documentation satisfactory to the County supporting the amount claimed, and (ii) review, approval and audit of the Voucher by the Department and/or the County Comptroller or his or her duly designated representative (the "Comptroller").
- C. **Timing of Payment Claims.** The Contractor shall submit claims no later than three (3) months following the County's receipt of the services that are the subject of the claim and no more frequently than once a month.
- D. **No Duplication of Payments.** Payments under this Agreement shall not duplicate payments for any work performed or to be performed under other agreements between the Contractor and any funding source including the County.

- E. Payments in Connection with Termination or Notice of Termination. Unless a provision of this Agreement expressly states otherwise, payments to the Contractor following the termination of this Agreement shall not exceed payments made as consideration for services that were (i) performed prior to termination, (ii) authorized by this Agreement to be performed, and (iii) not performed after the Contractor received notice that the County did not desire to receive such services.

5. Payment - Additional Provisions.

- A. The parties acknowledge that the maximum annual amount of compensation for the services rendered by the Contractor during the term of this Agreement shall not exceed the amounts listed above, unless this Contract is amended to include additional funds for a continuation of services. Contractor agrees that this compensation includes reimbursement for Contractor's travel time and expenses and for all other costs incidental to the Services to be provided by Contractor under this Agreement.

- B. Partial progress payments are authorized at the discretion of the Department.

6. Rights to Work. Except as provided below, upon full payment, the Contractor hereby assigns to the County, any and all rights, title and interest, to the materials first created by the Contractor specifically for the County hereunder and required to be delivered to the County by virtue of their description or specification as a deliverable in this Agreement (the "Deliverables"). The Deliverables include the Audit Report, the Single Audit Reports, and the final draft of the Management Letter. The Deliverables may also include any data, modules, components, designs, utilities, subsets, objects, program listings, tools, models, methodologies, programs, systems, analysis frameworks, leading practices, and specifications (collectively, "Technical Elements") owned or developed by the Contractor prior to, or independently from, its engagement hereunder or created by the Contractor in connection with its engagement hereunder. The Contractor retains exclusive ownership right, title and interest, including, without limitation, all rights under all copyright, patent and other intellectual property laws, in and to all Technical Elements. Accordingly, to the extent that any such Technical Elements are integrated into any Deliverables, the Contractor hereby grants to the County, a perpetual, worldwide, non-exclusive, paid-up license to use such Technical Elements in connection with the Deliverables and copy and modify such Technical Elements as integrated into such Deliverables. Notwithstanding the above, Contractor's workpapers shall remain the sole property of the Contractor.

7. Independent Contractor. The Contractor is an independent contractor of the County. The Contractor shall not, nor shall any officer, director, employee, servant, agent or independent contractor of the Contractor (a "Contractor Agent"), be (i) deemed a County employee, (ii) commit the County to any obligation, or (iii) hold itself, himself or herself out as a County employee or as having the authority to commit the County to any obligation. As used in this Agreement the word "Person" means any individual person, entity (including partnerships, corporations and limited liability companies), and government or political subdivision thereof (including agencies, bureaus, offices and departments thereof).

8. No Arrears or Default. The Contractor is not in arrears to the County upon any debt or contract and it is not in default as surety, contractor, or otherwise upon any obligation to the County, including any obligation to pay taxes to, or perform services for or on behalf of, the County.

9. **Compliance With Law.** (a) **Generally.** The Contractor shall comply with any and all applicable Federal, State and local Laws, including, but not limited to those relating to conflicts of interest, discrimination, and disclosure of information, in connection with its performance under this Agreement. In furtherance of the foregoing, the Contractor is bound by and shall comply with the terms of Appendices L and EE attached hereto and with the County's vendor registration protocol. As used in this Agreement the word "Law" includes any and all statutes, local laws, ordinances, rules, regulations, applicable orders, and/or decrees, as the same may be amended from time to time, enacted, or adopted.

(b) **Nassau County Living Wage Law.** Pursuant to LL 1-2006, as amended, and to the extent that a waiver has not been obtained in accordance with such law or any rules of the County Executive, the Contractor agrees as follows:

- (i) Contractor shall comply with the applicable requirements of the Living Wage Law, as amended;
- (ii) Failure to comply with the Living Wage Law, as amended, may constitute a material breach of this Agreement, the occurrence of which may be determined solely by the County. Contractor has the right to cure such breach within thirty days of receipt of notice of breach from the County. In the event that such breach is not timely cured, the County may terminate this Agreement as well as exercise any other rights available to the County under applicable law.
- (iii) It shall be a continuing obligation of the Contractor to inform the County of any material changes in the content of its certification of compliance attached to this Agreement as Appendix L, and to provide to the County any information necessary to maintain the certification's accuracy.

(c) **Records Access.** The parties acknowledge and agree that all records, information, and data ("**Information**") acquired in connection with performance or administration of this Agreement shall be used and disclosed solely for the purpose of performance and administration of the contract or as required by law. The Contractor acknowledges that Contractor Information in the County's possession may be subject to disclosure under Article 6, Section 87 of the New York State Public Officer's Law ("Freedom of Information Law" or "FOIL"). In the event that such a request for disclosure is made, the County shall make reasonable efforts to notify the Contractor of such request prior to disclosure of the Information so that the Contractor may take such action as it deems appropriate. Additionally, it is acknowledged that the Contractor subscribes to a program of peer review for maintenance of quality control as required by its profession. As part of this program, engagement files may be selected for review by other professionals under strict rules of confidentiality. Execution of this Agreement constitutes the County's agreement for such disclosure under peer review programs, upon reasonable notice given by the Contractor to the County in advance of disclosure.

10. **Minimum Service Standards.** Regardless of whether required by Law: (a) The Contractor shall, and shall cause Contractor Agents to, conduct their activities in connection with this Agreement so as not to endanger or harm any Person or property.

(b) The Contractor shall deliver services under this Agreement in a professional manner consistent with the best practices of the industry in which the Contractor operates. The Contractor shall take all actions necessary or appropriate to meet the obligation described in the immediately

preceding sentence, including obtaining and maintaining, and causing all Contractor Agents to obtain and maintain, all approvals, licenses, and certifications ("Approvals") necessary or appropriate in connection with this Agreement.

11. Assignment; Amendment; Subcontracting; Waiver. This Agreement and the rights and obligations hereunder may not be in whole or part (i) assigned, transferred or disposed of, (ii) amended, (iii) waived, or (iv) subcontracted, without the prior written consent of the County Executive or his duly designated deputy. Any purported assignment, other disposal or modification without such prior written consent shall be null and void. The failure of a party to assert any of its rights under this Agreement, including the right to demand strict performance, shall not constitute a waiver of such rights.

12. Termination. (a) Generally. This Agreement may be terminated (i) for any reason by the County upon thirty (30) days' written notice to the Contractor, (ii) for "Cause" by the County immediately upon the receipt by the Contractor of written notice of termination, (iii) upon mutual written Agreement of the County and the Contractor, and (iv) in accordance with any other provisions of this Agreement expressly addressing termination.

As used in this Agreement the word "Cause" includes: (i) a breach of this Agreement; (ii) the failure to obtain and maintain in full force and effect all Approvals required for the services described in this Agreement to be legally and professionally rendered; and (iii) the termination or impending termination of federal or state funding for the services to be provided under this Agreement.

(b) By the Contractor. This Agreement may be terminated by the Contractor if performance becomes impracticable through no fault of the Contractor, where the impracticability relates to the Contractor's ability to perform its obligations and not to a judgment as to convenience or the desirability of continued performance. Termination under this subsection shall be effected by the Contractor delivering to the County Comptroller (the "Comptroller"), at least sixty (60) days prior to the termination date (or a shorter period if sixty days' notice is impossible), a notice stating (i) that the Contractor is terminating this Agreement in accordance with this subsection, (ii) the date as of which this Agreement will terminate, and (iii) the facts giving rise to the Contractor's right to terminate under this subsection. A copy of the notice given to the County Comptroller shall be given to the County Attorney on the same day that notice is given to the Comptroller.

(c) Contractor Assistance Upon Termination. In connection with the termination or impending termination of this Agreement the Contractor shall, regardless of the reason for termination, take all actions reasonably requested by the County (including those set forth in other provisions of this Agreement) to assist the County in transitioning the Contractor's responsibilities under this Agreement. The provisions of this Section shall survive the termination of this Agreement.

13. Indemnification; Defense; Cooperation. (a) The Contractor shall be solely responsible for and shall indemnify, defend and hold harmless the County, its officers, employees, and agents (the "Indemnified Parties") from and against any and all liabilities, losses, costs, expenses (including, without limitation, attorneys' fees and disbursements) and damages ("Losses"), arising out of or in connection with any acts or omissions of the Contractor or a Contractor Agent, regardless of whether due to negligence, fault, or default, including Losses in connection with any threatened investigation, litigation or other proceeding or preparing a defense to or prosecuting the same;

provided, however, that the Contractor shall not be responsible for that portion, if any, of a Loss that is caused by the negligence, fault or default of the County.

(b) The Contractor shall, upon the County's demand and at the County's direction, promptly and diligently defend, at the Contractor's own risk and expense, any and all suits, actions, or proceedings which may be brought or instituted against one or more Indemnified Parties for which the Contractor is responsible under this Section, and, further to the Contractor's indemnification obligations, the Contractor shall pay and satisfy any judgment, decree, loss or settlement in connection therewith.

(c) The Contractor shall, and shall cause Contractor Agents to, cooperate with the County in connection with the investigation, defense or prosecution of any action, suit or proceeding in connection with this Agreement, including the acts or omissions of the Contractor and/or a Contractor Agent in connection with this Agreement to the extent allowable by industry professional standards.

(d) The provisions of this Section shall survive the termination of this Agreement.

14. Insurance. (a) **Types and Amounts.** The Contractor shall obtain and maintain throughout the term of this Agreement, at its own expense: (i) one or more policies for commercial general liability insurance, which policy(ies) shall name "Nassau County" as an additional insured via a blanket endorsement with "Nassau County" as certificate holder, and have a minimum single combined limit of liability of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate coverage; (ii) if contracting in whole or part to provide professional services, one or more policies for professional liability insurance, which policy(ies) shall have a minimum single combined limit liability of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million dollars (\$2,000,000) aggregate coverage, (iii) compensation insurance for the benefit of the Contractor's employees ("Workers' Compensation Insurance"), which insurance is in compliance with the New York State Workers' Compensation Law, and (iv) such additional insurance including, without limitation, builder's all risk, if applicable, automobile liability insurance and umbrella liability insurance as may be agreed to by the parties.

(b) Acceptability; Deductibles; Subcontractors. All insurance obtained and maintained by the Contractor pursuant to this Agreement shall be (i) written by one or more commercial insurance carriers licensed to do business in New York State, and (ii) in form and substance reasonably acceptable to the County. The Contractor shall be solely responsible for the payment of all deductibles to which such policies are subject. The Contractor shall require any subcontractor hired in connection with this Agreement to carry insurance with the same limits and provisions required to be carried by the Contractor under this Agreement.

(c) Delivery; Coverage Change; No Inconsistent Action. Prior to the execution of this Agreement, copies of current certificates of insurance evidencing the insurance coverage required by this Agreement shall be delivered to the County Attorney's office. Not less than thirty (30) days prior to the date of any expiration or renewal of, or actual, proposed or threatened reduction or cancellation of coverage under, any insurance required hereunder, the Contractor shall endeavor to provide written notice to the County Attorney's office of the same and deliver to the County Attorney's office renewal or replacement certificates of insurance. The Contractor shall cause all insurance to remain in full force and effect throughout the term of this Agreement and shall not take any action, or omit to take any action that would suspend or invalidate any of the required

coverages. The failure of the Contractor to maintain Workers' Compensation Insurance shall render this contract void and of no effect. The failure of the Contractor to maintain the other required coverages shall be deemed a material breach of this Agreement upon which the County reserves the right to consider this Agreement terminated as of the date of such failure.

15. Accounting Procedures: Records.

A. The Contractor shall maintain and retain, for a period of six (6) years, following the latter of termination of, or final payment, under this agreement, complete and accurate records, documents, accounts and other evidence whether maintained electronically or manually ("Records") pertinent to performance under this Agreement. Records shall be maintained in accordance with Generally Accepted Government Auditing Standards ("GAGAS") and, to the extent not inconsistent with GAGS, the Contractor's policies and procedures.. Such Records shall at all times be available for audit and inspection of the County Comptroller (to the extent that such audit would not compromise the auditors' independence), the Comptroller General of the United States or any other governmental authority with jurisdiction over the provision of services hereunder and/or the payment therefore, and any of their duly designated representatives. The provisions of this Section shall survive the termination of this Agreement.

B. Notwithstanding anything to the contrary contained in section 9 (a), upon prior written notice, where possible and during normal business hours, the Contractor shall provide access to the time sheets, invoices, time records, policies and procedures and expense receipts pertaining to the Services (the "Billing Records"), to the extent reasonably necessary to substantiate payment hereunder, for inspection by the Comptroller's Office. Information contained in the Contractor's Billing Records which constitute confidential personal information shall be excluded.

16. Non-exclusivity. The County acknowledges that the Contractor shall have the right to provide services of any kind or nature whatsoever to any person or entity as the Contractor in its sole discretion deems appropriate and nothing herein shall be construed to conflict with that right.

17. Limitations on Actions and Special Proceedings Against the County. No action or special proceeding shall lie or be prosecuted or maintained against either party upon any claims arising out of or in connection with this Agreement unless:

(a) Notice. At least thirty (30) days prior to seeking relief the Contractor shall have presented the demand or claim(s) upon which such action or special proceeding is based in writing to the County Attorney's Office and the Counsel to the Comptroller for adjustment and the County shall have neglected or refused to make an adjustment or payment on the demand or claim for thirty (30) days after presentment. The Contractor shall send or deliver copies of the documents presented to the County Comptroller under this section to the County Attorney (at One West Street, Mineola, NY 11501) on the same day that documents are sent or delivered to the County Comptroller. The complaint or necessary moving papers of the Contractor shall allege that the above-described actions and inactions preceded the Contractor's action or special proceeding against the County.

(b) Time Limitation. Such action or special proceeding is commenced within the earlier of (i) one (1) year of the first to occur of (A) final payment under or the termination of this Agreement, and (B) the accrual of the cause of action, and (ii) the time specified in any other provision of this Agreement.

18. Work Performance Liability. The Contractor is and shall remain primarily liable for the successful completion of all work in accordance this Agreement, irrespective of whether the

Contractor is using a Contractor Agent to perform some or all of the work contemplated by this Agreement, and irrespective of whether the use of such Contractor Agent has been approved by the County.

19. Consent to Jurisdiction and Venue: Governing Law. Unless otherwise specified in this Agreement or required by Law, all claims or actions with respect to this Agreement shall be resolved exclusively by a court of competent jurisdiction located in Nassau County in New York State and the parties expressly waive any objections to the same on any grounds, including venue and forum non conveniens. This Agreement is intended as a contract under, and shall be governed and construed in accordance with, the Laws of New York State, without regard to the conflict of laws provisions thereof.

20. Notices. Any notice, request, demand or other communication required to be given or made in connection with this Agreement shall be (a) in writing, (b) delivered or sent (i) by hand delivery, evidenced by a signed, dated receipt, (ii) postage prepaid via certified mail, return receipt requested, or (iii) overnight delivery via a nationally recognized courier service, (c) deemed given or made on the date the delivery receipt was signed by a County employee, three (3) business days after it is mailed or one (1) business day after it is released to a courier service, as applicable, and (ii) if to the County Attorney, to the attention of the County Attorney at 1 West Street, Mineola, NY 11501, and (iii) if to the Comptroller, to the attention of the Comptroller at 240 Old Country Road, Mineola, NY 11501, and (iv) if to the Contractor, to the attention of the person who executed this Agreement on behalf of the Contractor at the address specified above for the Contractor, or in each case to such other persons or addresses as shall be designated by written notice.

21. All Legal Provisions Deemed Included: Severability: Supremacy. (a) Every provision required by Law to be inserted into or referenced by this Agreement is intended to be a part of this Agreement. If any such provision is not inserted or referenced in correct form then (i) such provision shall be deemed inserted into or referenced by this Agreement for purposes of interpretation and (ii) upon the application of either party this Agreement shall be formally amended to comply strictly with the Law, without prejudice to the rights of either party.

(b) In the event that any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(c) Unless the application of this subsection will cause a provision required by Law to be excluded from this Agreement, in the event of an actual conflict between the terms set forth above the signature page to this Agreement and those contained in any schedule, exhibit, appendix, or attachment to this Agreement, the terms and conditions set forth above the signature page shall control. To the extent possible, all the terms of this Agreement should be read together as not conflicting.

(d) Each party has cooperated in the negotiation and preparation of this Agreement, so if any construction is made of the Agreement it shall not be construed against either party as a drafter.

22. Section and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

23. **Administrative Service Charge.** The Contractor agrees to pay the County an administrative service charge of Five Hundred Thirty-Three dollars (\$533.00) for the processing of this Agreement pursuant to Ordinance Number 74-1979, as amended by Ordinance Number 128-2006. The administrative service charge shall be due and payable to the County by the Contractor upon signing this Agreement.

Contractor checks for the administrative service charge should be payable to the order of "Nassau County."

24. **Entire Agreement.** This Agreement represents the full and entire understanding and agreement between the parties with regard to the subject matter hereof and supersedes all prior agreements (whether written or oral) of the parties relating to the subject matter of this Agreement.

25. **Executory Clause.** Notwithstanding any other provision of this Agreement:

(a) **Approval and Execution.** The County shall have no liability under this Agreement (including any extension or other modification of this Agreement) to any Person unless (i) all County and governmental approvals have been obtained, including, if required, approval by the County Legislature, and (ii) this Agreement has been executed by the County Executive (as defined in this Agreement).

(b) **Availability of Funds.** The County shall have no liability under this Agreement (including any extension or other modification of this Agreement) to any Person beyond funds appropriated and encumbered.

IN WITNESS WHEREOF, the Contractor and the County have executed this Agreement as of the date first above written.

McGladrey LLP
CONTRACTOR

By: Robert G. Rooney

Signature: Robert G. Rooney

Name: Robert G. Rooney

Title: Director Date: 11/13/14

State of New York}
 }SS.:
County of Nassau}

I, William J. Muller III, Clerk of the Legislature, do hereby certify that the foregoing is a true and correct copy of the original agreement with McGladrey LLP

On behalf of the Nassau County Office of Comptroller

On file in this office of the Legislature and is of the whole said original.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed seal of the Nassau County Legislature the 29th day of December, 2014

William J. Muller III

Clerk, Nassau County Legislature
Nassau County, N.Y.

No. 01FE6239028
Qualified in Nassau County
Commission Expires April 02, 2016

STATE OF NEW YORK)

) ss.:

COUNTY OF New York)

On the 13th day of November in the year 2014 before me personally appeared Robert G. Rooney to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of Hunterdon; that he or she is a Director of McGladrey LLP, the limited liability company described herein and which executed the above instrument; and that he or she signed his or her name thereto by authority of the partners of said limited liability company.

NOTARY PUBLIC

Belkis Madera
BELKIS MADERA
Notary Public, State of New York
No. 03-4945756
Qualified in Bronx County
Commission Expires Jan. 27, 2015

Appendix EE

Equal Employment Opportunities For Minorities and Women

The provisions of this Appendix EE are hereby made a part of the document to which it is attached.

The Contractor shall comply with all federal, State and local statutory and constitutional anti-discrimination provisions. In addition, Local Law No. 14-2002, entitled "Participation by Minority Group Members and Women in Nassau County Contracts," governs all County Contracts as defined by such title and solicitations for bids or proposals for County Contracts. In accordance with Local Law 14-2002:

(a) The Contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status in recruitment, employment, job assignments, promotions, upgradings, demotions, transfers, layoffs, terminations, and rates of pay or other forms of compensation. The Contractor will undertake or continue existing programs related to recruitment, employment, job assignments, promotions, upgradings, transfers, and rates of pay or other forms of compensation to ensure that minority group members and women are afforded equal employment opportunities without discrimination.

(b) At the request of the County contracting agency, the Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, union, or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability, or marital status and that such employment agency, labor union, or representative will affirmatively cooperate in the implementation of the Contractor's obligations herein.

(c) The Contractor shall state, in all solicitations or advertisements for employees, that, in the performance of the County Contract, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability or marital status.

(d) The Contractor shall make Best Efforts to solicit active participation by certified minority or women-owned business enterprises ("Certified M/WBEs") as defined in Section 101 of Local Law No. 14-2002, including the granting of Subcontracts.

(e) The Contractor shall, in its advertisements and solicitations for Subcontractors, indicate its interest in receiving bids from Certified M/WBEs and the requirement that Subcontractors must be equal opportunity employers.

(f) Contractors must notify and receive approval from the respective Department Head prior to issuing any Subcontracts and, at the time of requesting such authorization, must submit a signed Best Efforts Checklist.

(g) Contractors for projects under the supervision of the County's Department of Public Works shall also submit a utilization plan listing all proposed Subcontractors so that, to the greatest extent feasible, all Subcontractors will be approved prior to commencement of work. Any additions or changes to the list of subcontractors under the utilization plan shall be approved by the

Commissioner of the Department of Public Works when made. A copy of the utilization plan any additions or changes thereto shall be submitted by the Contractor to the Office of Minority Affairs simultaneously with the submission to the Department of Public Works.

(h) At any time after Subcontractor approval has been requested and prior to being granted, the contracting agency may require the Contractor to submit Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises. In addition, the contracting agency may require the Contractor to submit such documentation at any time after Subcontractor approval when the contracting agency has reasonable cause to believe that the existing Best Efforts Checklist may be inaccurate. Within ten working days (10) of any such request by the contracting agency, the Contractor must submit Documentation.

(i) In the case where a request is made by the contracting agency or a Deputy County Executive acting on behalf of the contracting agency, the Contractor must, within two (2) working days of such request, submit evidence to demonstrate that it employed Best Efforts to obtain Certified M/WBE participation through proper documentation.

(j) Award of a County Contract alone shall not be deemed or interpreted as approval of all Contractor's Subcontracts and Contractor's fulfillment of Best Efforts to obtain participation by Certified M/WBEs.

(k) A Contractor shall maintain Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises for a period of six (6) years. Failure to maintain such records shall be deemed failure to make Best Efforts to comply with this Appendix EE, evidence of false certification as M/WBE compliant or considered breach of the County Contract.

(l) The Contractor shall be bound by the provisions of Section 109 of Local Law No. 14-2002 providing for enforcement of violations as follows:

- a. Upon receipt by the Executive Director of a complaint from a contracting agency that a County Contractor has failed to comply with the provisions of Local Law No. 14-2002, this Appendix EE or any other contractual provisions included in furtherance of Local Law No. 14-2002, the Executive Director will try to resolve the matter.
- b. If efforts to resolve such matter to the satisfaction of all parties are unsuccessful, the Executive Director shall refer the matter, within thirty days (30) of receipt of the complaint, to the American Arbitration Association for proceeding thereon.
- c. Upon conclusion of the arbitration proceedings, the arbitrator shall submit to the Executive Director his recommendations regarding the imposition of sanctions, fines or penalties. The Executive Director shall either (i) adopt the recommendation of the arbitrator (ii) determine that no sanctions, fines or penalties should be imposed or (iii) modify the recommendation of the arbitrator, provided that such modification shall not expand upon any sanction recommended or impose any new sanction, or increase the amount of any recommended fine or penalty. The Executive Director, within ten days (10) of receipt of the arbitrator's award and recommendations, shall file a determination of such matter and shall cause a copy of such determination to be served upon the

respondent by personal service or by certified mail return receipt requested. The award of the arbitrator, and the fines and penalties imposed by the Executive Director, shall be final determinations and may only be vacated or modified as provided in the civil practice law and rules ("CPLR").

(m) The contractor shall provide contracting agency with information regarding all subcontracts awarded under any County Contract, including the amount of compensation paid to each Subcontractor and shall complete all forms provided by the Executive Director or the Department Head relating to subcontractor utilization and efforts to obtain M/WBE participation.

Failure to comply with provisions (a) through (m) above, as ultimately determined by the Executive Director, shall be a material breach of the contract constituting grounds for immediate termination. Once a final determination of failure to comply has been reached by the Executive Director, the determination of whether to terminate a contract shall rest with the Deputy County Executive with oversight responsibility for the contracting agency.

As used in this Appendix EE the term "Best Efforts Checklist" shall mean a list signed by the Contractor, listing the procedures it has undertaken to procure Subcontractors in accordance with this Appendix EE.

As used in this Appendix EE the term "County Contract" shall mean (i) a written agreement or purchase order instrument, providing for a total expenditure in excess of twenty-five thousand dollars (\$25,000), whereby a County contracting agency is committed to expend or does expend funds in return for labor, services, supplies, equipment, materials or any combination of the foregoing, to be performed for, or rendered or furnished to the County; or (ii) a written agreement in excess of one hundred thousand dollars (\$100,000), whereby a County contracting agency is committed to expend or does expend funds for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements thereon. However, the term "County Contract" does not include agreements or orders for the following services: banking services, insurance policies or contracts, or contracts with a County contracting agency for the sale of bonds, notes or other securities.

As used in this Appendix EE the term "County Contractor" means an individual, business enterprise, including sole proprietorship, partnership, corporation, not-for-profit corporation, or any other person or entity other than the County, whether a contractor, licensor, licensee or any other party, that is (i) a party to a County Contract, (ii) a bidder in connection with the award of a County Contract, or (iii) a proposed party to a County Contract, but shall not include any Subcontractor.

As used in this Appendix EE the term "County Contractor" shall mean a person or firm who will manage and be responsible for an entire contracted project.

As used in this Appendix EE "Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises" shall include, but is not limited to the following:

- a. Proof of having advertised for bids, where appropriate, in minority publications, trade newspapers/notices and magazines, trade and union publications, and publications of general circulation in Nassau County and surrounding areas or having verbally solicited M/WBEs whom the County Contractor reasonably believed might have the qualifications to do the work. A copy of the

advertisement, if used, shall be included to demonstrate that it contained language indicating that the County Contractor welcomed bids and quotes from M/WBE Subcontractors. In addition, proof of the date(s) any such advertisements appeared must be included in the Best Effort Documentation. If verbal solicitation is used, a County Contractor's affidavit with a notary's signature and stamp shall be required as part of the documentation.

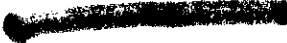
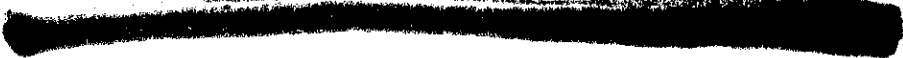
- b. Proof of having provided reasonable time for M/WBE Subcontractors to respond to bid opportunities according to industry norms and standards. A chart outlining the schedule/time frame used to obtain bids from M/WBEs is suggested to be included with the Best Effort Documentation.
- c. Proof or affidavit of follow-up of telephone calls with potential M/WBE subcontractors encouraging their participation. Telephone logs indicating such action can be included with the Best Effort Documentation
- d. Proof or affidavit that M/WBE Subcontractors were allowed to review bid specifications, blue prints and all other bid/RFP related items at no charge to the M/WBEs, other than reasonable documentation costs incurred by the County Contractor that are passed onto the M/WBE.
- e. Proof or affidavit that sufficient time prior to making award was allowed for M/WBEs to participate effectively, to the extent practicable given the timeframe of the County Contract.
- f. Proof or affidavit that negotiations were held in Best Efforts with interested M/WBEs, and that M/WBEs were not rejected as unqualified or unacceptable without sound business reasons based on (1) a thorough investigation of M/WBE qualifications and capabilities reviewed against industry custom and standards and (2) cost of performance. The basis for rejecting any M/WBE deemed unqualified by the County Contractor shall be included in the Best Effort Documentation
- g. If an M/WBE is rejected based on cost, the County Contractor must submit a list of all sub-bidders for each item of work solicited and their bid prices for the work.
- h. The conditions of performance expected of Subcontractors by the County Contractor must also be included with the Best Effort Documentation.
- i. County Contractors may include any other type of documentation they feel necessary to further demonstrate their Best Efforts regarding their bid documents.

As used in this Appendix EE the term "Executive Director" shall mean the Executive Director of the Nassau County Office of Minority Affairs; provided, however, that Executive Director shall include a designee of the Executive Director except in the case of final determinations issued pursuant to Section (a) through (l) of these rules.

As used in this Appendix EE the term "Subcontract" shall mean an agreement consisting of part or parts of the contracted work of the County Contractor.

As used in this Appendix EE, the term "Subcontractor" shall mean a person or firm who performs part or parts of the contracted work of a prime contractor providing services, including construction services, to the County pursuant to a county contract. Subcontractor shall include a person or firm that provides labor, professional or other services, materials or supplies to a prime contractor that are necessary for the prime contractor to fulfill its obligations to provide services to the County pursuant to a county contract. Subcontractor shall not include a supplier of materials to a contractor who has contracted to provide goods but no services to the County, nor a supplier of incidental materials to a contractor, such as office supplies, tools and other items of nominal cost that are utilized in the performance of a service contract.

Provisions requiring contractors to retain or submit documentation of best efforts to utilize certified subcontractors and requiring Department head approval prior to subcontracting shall not apply to inter-governmental agreements. In addition, the tracking of expenditures of County dollars by not-for-profit corporations, other municipalities, States, or the federal government is not required.



Appendix L

Certificate of Compliance

In compliance with Local Law 1-2006, as amended (the "Law"), the Contractor hereby certifies the following:

1. The chief executive officer of the Contractor is:

Joe Adams

(Name)

(Address)

(Telephone Number)

2. The Contractor agrees to either (1) comply with the requirements of the Nassau County Living Wage Law or (2) as applicable, obtain a waiver of the requirements of the Law pursuant to section 9 of the Law. In the event that the contractor does not comply with the requirements of the Law or obtain a waiver of the requirements of the Law, and such contractor establishes to the satisfaction of the Department that at the time of execution of this agreement, it had a reasonable certainty that it would receive such waiver based on the Law and Rules pertaining to waivers, the County will agree to terminate the contract without imposing costs or seeking damages against the Contractor
3. In the past five years, Contractor ____ has X has not been found by a court or a government agency to have violated federal, state, or local laws regulating payment of wages or benefits, labor relations, or occupational safety and health. If a violation has been assessed against the Contractor, describe below:

4. In the past five years, an administrative proceeding, investigation, or government body-initiated judicial action _____ has X has not been commenced against or relating to the Contractor in connection with federal, state, or local laws regulating payment of wages or benefits, labor relations, or occupational safety and health. If such a proceeding, action, or investigation has been commenced, describe below:

5. Contractor agrees to permit access to work sites and relevant payroll records by authorized County representatives for the purpose of monitoring compliance with the Living Wage Law and investigating employee complaints of noncompliance.

I hereby certify that I have read the foregoing statement and, to the best of my knowledge and belief, it is true, correct and complete. Any statement or representation made herein shall be accurate and true as of the date stated below.

November 13, 2014

Dated

Robert G. Rooney

Signature

Director

Title of Contractor's representative who is lawfully authorized to legally bind the Contractor.)

Robert G. Rooney

Name

Sworn to before me this

13th day of November, 2014.

Belkis Madera
Notary Public

BELKIS MADERA
Notary Public, State of New York
No. 03-4945756
Qualified in Bronx County
Commission Expires Jan. 27, 2015

**NASSAU COUNTY
OFFICE OF THE COMPTROLLER**

**GEORGE MARAGOS
COMPTROLLER**



REQUEST FOR PROPOSALS (RFP) FOR ANNUAL AUDIT SERVICES

Proposal Issuance Date: January 13, 2014

Proposal Submission Date: February 7, 2014

RFP No. CO0107-1402

I. GENERAL INFORMATION

A. Introduction.

The Nassau County Comptroller ("Comptroller"), on behalf of Nassau County (the "County"), is soliciting proposals for the annual audit of the County's financial statements, the preparation of management letters, federally mandated single audits, New York State agency mandated single audits, and other related services. This Request for Proposals ("RFP") describes the scope of work to be performed; minimum proposer qualifications; required proposal format and content; proposal evaluation criteria; and required terms of any agreement resulting from this RFP.

The County's 2014 annual budget exceeds \$3.4 billion as reported in the five (5) major operating funds¹ and the sewer and storm water district fund. The major governmental funds of the County, as reported in the County's Comprehensive Annual Financial Report ("CAFR") are: (1) the general fund², (2) the police district fund, (3) the sewer and storm water district fund, and the capital fund. Other non-major County governmental funds reported in the CAFR include the capital fund, the grant fund, the FEMA fund, the retirement contribution fund, the employee benefit accrued liability reserve fund, and the environmental protection fund. County transactions are recorded through the Nassau Integrated Financial System ("NIFS"), an automated mainframe system acquired by the County in 1999.

The selected vendor will be required to attend all meetings of the Nassau County Comptroller's Audit Advisory Committee (the "Audit Committee"), and will be asked to brief the Audit Committee on the progress of the audit and to discuss any concerns that have arisen during the course of the audit. The Audit Committee meets at the discretion of the Board Members and the County Comptroller.

The County expects to enter into an agreement with the vendor who submits the proposal most advantageous to the County. Potential vendors with verifiable qualifications and demonstrated ability are invited to submit proposals for the RFP services.

Nassau County is committed to a policy of equal opportunity and does not discriminate against vendors on the basis of age, sex, sexual orientation, race, color, creed, religion, ethnicity, national origin, disability, marital status, familial status, veteran status or any other basis protected under federal, state, and local laws, regulations and ordinances.

¹ The five major operating funds of the County are: the general fund, the police district fund, the police headquarters fund, the fire prevention fund, and the debt service fund.

² In accordance with Governmental Accounting Standards' Board Statement No. 54, for reporting purposes, the general fund now includes several major operating funds, such as the police headquarters fund, the fire prevention fund, and the debt service fund, and non-major governmental funds, such as the technology fund and the open space fund.

B. RFP Contact.

The sole contact for the submission of proposals, and inquiries relating to this RFP is:

Christopher Leimone
Office of the Nassau County Comptroller
240 Old Country Road, Suite 210
Mineola, New York 11501
Phone: (516) 571-2386
Fax: (516) 571-5900
Email: cleimone@nassaucountyny.gov

All questions about the RFP should be submitted in writing. Contact with anyone else in the County's government including elected officials, County personnel, their agents or consultants, regarding this RFP, is prohibited. Violation of this requirement may be grounds for eliminating a proposal from consideration.

C. Proposed Preparation Costs.

Neither the Comptroller nor the County shall be liable for any costs incurred in the preparation and production of a proposal in response to this RFP or for any work performed prior to the issuance of a contract.

D. Rejection of Proposals.

This RFP does not commit the Comptroller or the County to award a contract, or to otherwise procure the services sought by this RFP. The Comptroller reserves the right to accept or reject any or all proposals received, to negotiate with all qualified proposers, and to cancel this RFP in part or in its entirety if the Comptroller determines that it is in the interests of the County to do so.

E. Addenda to Request for Proposals.

Addenda to this RFP may be issued prior to the proposal submission date and will be posted on the County website at <https://eproc.nassaucountyny.gov/MainBidBoard>. Addenda will be furnished by email to prospective proposers who have specifically informed the RFP Contact, specified in Section I (B) above, of their interest in receiving addenda. Prospective proposers who have not informed the RFP Contact of their interest are responsible for checking the County website frequently for addenda.

F. Submission of Proposals and RFP Timetable.**1. Submission of Proposals.**

Proposals in response to this RFP are solicited from all eligible vendors, and the original proposal and ten (10) copies should be submitted in a sealed envelope addressed to the RFP contact. An authorized representative of the vendor must sign the original.

To be considered, proposals must be mailed or hand-delivered so as to be received by the RFP Contact in the Office of the Comptroller at 240 Old Country Road, Suite 210, Mineola, New York 11501, no later than 4:00 PM on Friday, February 7, 2014. Proposers must allow for sufficient time for formal delivery to ensure timely receipt of their proposals, and should consider using registered or certified mail with return receipt requested. When delivering a proposal in person, contact Denise Nicoletti or Katherine Heinz at (516) 571-2386, to arrange delivery. Late proposals will not be considered.

2. Proposed RFP Timetable.

- a. Release of Request for Proposals: January 13, 2014
- b. Final date for Submission of Questions: January 31, 2014
- c. Final date for Submission of Proposals: February 7, 2014
- d. Oral Presentations (Selected Proposers ONLY) week of February 10, 2014
Times and location TBA
- e. Approximate date for Selection of Vendor: February 28, 2014

Dates indicated above are subject to change at the sole discretion of the County.

G. Additional Information May Be Required.

The County may award a contract or contracts based upon proposals received without discussion. Each proposal, therefore, should be submitted in the most favorable terms. However, the Comptroller reserves the right to request additional data, oral discussions, or presentations in support of written proposals from any or all proposers. In addition, the Comptroller reserves the right to make on-site visits to the proposer's place of business to assess and/or evaluate the proposer's qualifications.

H. Independent Price Determination

By submission of its offer, the proposer's certify (and in the case of a joint offer, each party hereto certifies as to its own organization) that, in connection with the procurement:

- 1. The prices in this offer have been arrived at independently, without consultation, communication, or agreement for the purpose of restricting competition, as to any matters relating to such prices with any other proposer or competitor; and
- 2. Unless otherwise required by law, the prices have been quoted in this offer have not been knowingly disclosed by the proposer prior to award, directly or indirectly, to any other proposer or competitor; and

3. No attempt has been made or will be made by the proposer to induce any other person or firm to submit or not to submit an offer for the purpose of restricting competition; and
4. No elected or appointed official or employee of the County shall benefit financially or materially from the contract. The County may terminate this contract if gratuities were offered or given by the proposer or his or her agency to any such official or employee.

I. Time Validity of Proposal.

The proposer must guarantee that the proposal submitted will be valid for nine (9) months following the submission deadline.

J. Disclosure of Proposal Contents.

Information submitted to the County, including the information contained in proposals submitted in response to this RFP, may be subject to disclosure under the New York Freedom of Information Law ("FOIL") and other laws. If a vendor is submitting information that it believes is protected from disclosure under FOIL or similar laws, it should clearly identify, at the time of submission, the information at issue and the basis for non-disclosure. If the County receives a request for disclosure of the identified information and the County determines that the identified information is required by FOIL or any other law to be disclosed, the County will use reasonable efforts to notify the vendor prior to disclosing the information in order to enable the vendor to take such action as the vendor deems appropriate. Copies of executed contracts are not exempt from disclosure under FOIL and similar laws.

K. Award of Contract

The County shall select a proposer by means of Notice of Award issued by the RFP evaluation Committee. Neither the selection of a proposer nor the issuance of a Notice of Award shall constitute the County's acceptance of the proposal or a binding commitment on behalf of the County to enter into a contract with the proposer, as any binding arrangement must be set forth in definitive documentation signed by both parties and shall be subject to all requisite approvals.

THE FOLLOWING SCOPE OF WORK SHOULD BE TREATED AS A GUIDELINE IN PREPARING A PROPOSAL AND MAY BE SUBJECT TO NEGOTIATIONS RESULTING IN A FINAL AGREEMENT. THE PROPOSER SHOULD PROVIDE A PROPOSAL, WHICH MEETS THE SCOPE REQUIREMENTS SET FORTH BELOW.

II. SCOPE OF WORK

The Scope of Work to be furnished by the selected vendor responding to this RFP is to provide the deliverables, perform the tasks, and meet the following requirement listed below and discussed in detail in the following sections. The audits and related work under the contract resulting from the RFP must be conducted in accordance with Generally Accepted Auditing Standards ("GAAS"), as promulgated by the American Institute of Certified Public Accountants;

with Generally Accepted Government Auditing Standards (“GAGAS”), as promulgated by the United States General Accounting Office in its publication, *Government Auditing Standards*; with standards issued by the Governmental Accounting Standards Board (“GASB”); with Generally Accepted Accounting Principles (“GAAP”); with the Single Audit Act Amendments of 1996 and the provisions of United States Office of Management and Budget (“OMB”) Circular A-133, *Audits of State and Local Governments*; and with other authoritative auditing guidance in effect. Opinions rendered shall indicate whether financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States. The scope of the audits must be planned to preclude the necessity for exceptions arising from scope limitations.

A. Annual Financial Statements

The selected proposer will perform an audit of the County’s annual financial statements and provide related work for each of the fiscal years ended December 31, 2014 through December 31, 2016, with the option for two subsequent one-year renewals at the sole discretion of the Comptroller, and subject to all required County approvals. The selected proposer will:

1. Audit the County’s basic financial statements and supplementary information included in the Comprehensive Annual Financial Report (“CAFR”);
2. Report on the County’s internal control over financial reporting as part of the CAFR and Single Audit Reports and the County’s compliance with laws and regulations that may have a material effect on the general purpose financial statements (to be included with the Single Audit Reports); and
3. Provide the County with its consent to release preliminary fiscal year results, by the third week in February of each year subsequent to the end of the fiscal year being audited, and deliver the final audit and the CAFR by June 30 of each year subsequent to the end of the fiscal year being audited.

A copy of the County’s most recent CAFRs may be found on the Comptroller’s website.

B. Single Audit Reports

In addition to the requirements outlined under the Annual Financial Statements in II. A. above, for the County’s federal financial assistance programs and New York State mandated Single Audits, in accordance with the Single Audit Amendment to OMB Circular A-133, the selected proposer will report on the County’s:

1. Supplementary schedule of federal financial assistance programs and the New York State Department of Transportation mandated Schedule of State Transportation Assistance Expended;
2. Deliver the final federal and state Single Audits no later than September 30 of each year subsequent to the end of the Single Audit’s fiscal year being audited;
3. Compliance with laws and regulations, identifying all findings of noncompliance and questioned costs; and

4. Internal control structure used in administering federal financial assistance programs.

C. The Management Letter

The selected proposer will author a management letter communicating the results of the study and evaluation of the County's system of internal accounting controls performed as part of the audit of the financial statements. The management letter will also provide recommendations about other aspects of the County's operations where opportunities for improvement were observed. The management letter will be delivered within 60 days after the release of the CAFR and/or Single Audit but no later than the last day of the fiscal year in which the reports are released.

D. The Certificate of Achievement

The selected proposer will assist the County in its annual effort to maintain its Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("GFOA") by subjecting the CAFR and the application to a review.

E. Additional Services

In addition to the services specified above, the selected proposer will:

1. Assist the County in researching accounting and financial reporting issues, consistent with applicable accounting rules and independence obligations;
2. Make reasonable efforts to make certain that the County meets all statutory and other operational reporting deadlines on a timely basis;
3. Provide all reports and other materials requested by the County electronically;
4. Print as many copies as the County requests of reports and other materials that are prepared pursuant to the audit engagement (approximately fifty copies); and
5. Update financial statements and reports as necessary and make them and the auditors' opinions available for inclusion in County or Nassau County Interim Finance Authority ("NIFA") official statements (or any other similar offering document) in connection with raising funds (e.g. bond or note offerings) at no additional cost.

III. PROPOSAL FORMAT AND CONTENT

Proposals that do not meet the requirements of this RFP will not be considered.

The proposal should be submitted in one volume divided into the following sections:

A. Cover Letter.

The cover letter must contain the following:

1. Identify the proposal as a response to the RFP for Financial Statement and Single Audits.
2. Name, address and email address of vendor, and addresses from which services will be provided, if different.
3. Name, title, email address and telephone number of individual to be contacted regarding the proposal.
4. Name, title, address, email address telephone number and signature of the official authorized to bind the vendor.
5. **Disclosure.** Organizations contracting with Nassau County are required to disclose the names and home addresses of all principals. The cover letter must provide the following as indicated by the type of ownership:
 - Sole proprietorship/individual. The name and email address of the sole proprietorship/individual. "Sole ownership" must be stated on the disclosure.
 - Closely held corporation. The names and email addresses of all shareholders, officers and directors.
 - Publicly traded corporation. Only the page(s) of the SEC Form 10-K setting forth the names of all officers and directors.
 - Not for profit corporation. The names and email addresses of all members, officers and directors.
 - Partnership. The names and email addresses of all general and limited partners.
 - Limited liability company. The names and email addresses of all members.
 - Limited liability partnership. The names and email addresses of all members.
 - Joint venture. The names and email addresses of all members.

List any possible conflicts of interest, and how the proposer would resolve the conflict. Also list any other work the proposer performs for the County, NIFA, Nassau Community College, or any other entity related to the County, including but not limited to, the Nassau County Deferred Compensation Board, and the other component units identified in the County's most recently issued CAFR, which may be found on the Comptroller's website, even it does not believe that the work poses a conflict.

6. An affirmative statement, **with supporting documentation**, that the proposer meets the following **minimum qualifications**:

- a. The firm has at least ten (10) years' experience in auditing financial statements for government entities with senior members of the engagement team having at least five (5) years' experience in auditing financial statements of governmental entities;
- b. Multiple engagements for a large government client (defined as one which had an annual revenue budget of over one billion dollars);
- c. Senior members of the engagement team have the requisite continuing professional education ("CPE") credits for auditors under GAGAS; and
- d. At least one office located in the metropolitan New York area.

B. Table of Contents.

C. Organizational Overview.

Provide an organization chart and a brief description of the type and general history of your organization, size, staffing, annual budget, and number/type of clients. Describe your experience in providing auditing services, and your experience in working with public sector clients.

D. References.

Provide the name, address, contact person, telephone number and email address for the three largest governmental entities for which you currently provide auditing services (preferably auditing services similar to those described in this RFP), and if applicable, three for which you no longer provide such services. For entities that have terminated their relationship with your firm, specify the reasons for termination.

E. Technical Proposal

Describe your implementation plan and project schedule for accomplishing the work outlined in the Scope of Work and attach as Appendix B. Appendix B should contain a complete written description of Proposer's proposal. The proposal should contemplate that the Contractor's staff will be doing the majority of the work with County personnel providing assistance as needed, up to 500 personnel hours to assist on the audit.

The proposal must contain the following information:

- 1. A brief introduction outlining the technical approach to the engagement, including the disclosure of all materiality factors that will be used.
- 2. Narrative descriptions of the Proposer's treatment of each deliverable required in Sections II and III of this RFP.
- 3. A detailed approach and work plan, in narrative and tabular forms, listing strategies, tasks to be accomplished and their sequence. The work plan must include:

- a. Estimated work hours for completing each task and/or deliverable and total project work hours;
 - b. Number of work hours by staff category, including expectations of County staff and
 - c. A detailed implementation schedule clearly indicating tasks and their respective completion dates, and the work product(s) to be provided at the completion of each task (i.e., commencement of review and interim and year-end work).
4. An enumeration of the problems that the proposer might reasonably expect during the engagement and the Proposer's approaches to solving those anticipated problems.
5. A copy of three management letters issued by the Proposer for a government entity audit engagement, at least one of which had an audited annual revenue budget of over one billion dollars.
6. A copy of three CAFRs issued by a governmental entity audited by the Proposer, and at least one where the entity's audited annual revenue budget was over one billion dollars.
7. An affirmation that the Proposer will ensure that a partner-level members of the engagement team will be available and readily accessible to the County's executive management throughout the engagement.
8. A copy of the Proposer's most recent peer review report.
9. The audit techniques that will be used during the engagement.

F. Cost Proposal

This section of the proposal must contain all information related to costs, fees, and hourly rates for providing the services requested in this RFP. **Cost proposals must be submitted in a separate, sealed package.**

Cost proposals must be inclusive of all costs. Proposers must submit proposed fee schedules showing maximum, not-to-exceed amounts. Payments to the successful proposer will not exceed the maximum amount. Fees are not subject to adjustment after the contract is awarded.

Once a proposal is submitted, the cost proposal is irrevocable until contract award, unless the proposal is withdrawn. Cost proposals may be withdrawn only in writing and only upon the expiration of 180 calendar days after the submission date. Withdrawals must be received by the RFP Contact prior to the award.

Cost proposals must not include any state or local sales or use taxes. The County is tax exempt.

The cost proposal must contain the following information:

1. For each fiscal year:

- a. Lump sum audit fees must be proposed by major audit area for each year's audit separately.
 - b. The total costs and not-to-exceed amounts must be proposed for the audit of the County.
- 2. Proposers must also provide the estimated number of hours and projected billing rates for the various categories of audit staff to be assigned to the engagement.

V. EVALUATION CRITERIA

The selection of a vendor for contract award will be made by an Evaluation Committee consisting of Comptroller's Office and other County representatives. A proposal's merit will be evaluated as follows:

A. Minimum Qualification Requirements (MQRs) (Pass/Fail)

To be considered, the proposer must meet the MQRs enumerated in Section III (A) (6) of this RFP.

B. Technical Proposal (75%)

- 1. Overall quality of the proposal (50 points), including:
 - a. Technical approach and methodology to completing the audits, including strategies and the planned sequence, appropriateness, comprehensiveness, and general quality of the proposed audit work and management plans;
 - b. Ability of the Proposer to successfully complete the audit within the proposed schedule, including commitment and quantity of assigned staff, accessibility, availability and commitment of partners to be assigned to the engagement.
- 2. Proposer's characteristics, quality of staff assigned, and experience providing similar services (25 points), including:
 - a. The qualifications, experience and level of personnel that the proposer will assign to the audit, and their commitment;
 - b. The firm's commitment to the continuing education and professional development of its staff;
 - c. The strength of the Proposer's references and prior performance on audits and single audits of similar scope and size, including the proposer's experience with GAAP for governmental entities, its management letter quality as evidenced by the sample management letter(s) submitted with the proposal, and its experience in assisting governmental entities in obtaining GFOA Certificates;
 - d. The depth and breadth of the Proposer's audit experience; and
 - e. The Proposer's financial stability.

C. Cost Proposal (25%)

After the Evaluation Committee completes its technical evaluations, it may eliminate those proposals it considers not competitive. Cost proposals will then be opened from competitive technical proposals. A maximum of 25 points may be awarded to the proposal judged to be lowest overall in cost, and lower amounts to more expensive proposals.

VI. TERMS OF AGREEMENT

By submitting a proposal, proposers agree to be bound by the terms of their proposals and by the terms of this RFP.

Other standard clauses for Nassau County include:

STANDARD CLAUSES FOR NASSAU COUNTY CONTRACTS

1. **Independent Contractor.** The Contractor is an independent contractor of the County. The Contractor shall not, nor shall any officer, director, employee, servant, agent or independent contractor of the Contractor (a "Contractor Agent"), be (i) deemed a County employee, (ii) commit the County to any obligation, or (iii) hold itself, himself, or herself out as a County employee or Person with the authority to commit the County to any obligation. As used in this Agreement the word "Person" means any individual person, entity (including partnerships, corporations and limited liability companies), and government or political subdivision thereof (including agencies, bureaus, offices and departments thereof).
2. **No Arrears or Default.** The Contractor is not in arrears to the County upon any debt or contract and it is not in default as surety, contractor, or otherwise upon any obligation to the County, including any obligation to pay taxes to, or perform services for or on behalf of, the County.
3. **Compliance With Law.**
 - (a) Generally. The Contractor shall comply with any and all applicable Federal, State and local Laws, including, but not limited to those relating to conflicts of interest, discrimination, and disclosure of information, in connection with its performance under this Agreement. In furtherance of the foregoing, the Contractor is bound by and shall comply with the terms of Exhibit EE attached hereto. As used in this Agreement the word "Law" includes any and all statutes, local laws, ordinances, rules, regulations, applicable orders, and/or decrees, as the same may be amended from time to time, enacted, or adopted.
 - (b) Nassau County Living Wage Law. Pursuant to LL 1-2006, as amended, and to the extent that a waiver has not been obtained in accordance with such law or any rules of the County Executive, the Contractor agrees as follows:
 - (i) Contractor shall comply with the applicable requirements of the Living Wage Law, as amended;

(ii) Failure to comply with the Living Wage Law, as amended, constitutes a material breach of this Agreement, the occurrence of which shall be determined solely by the County. Contractor has the right to cure such breach within thirty days of receipt of notice of breach from the County. In the event that such breach is not timely cured, the County may terminate this Agreement as well as exercise any other rights available to the County under applicable law.

(iii) It shall be a continuing obligation of the Contractor to inform the County of any material changes in the content of its certification of compliance, attached to this Agreement as Appendix L, and shall provide to the County any information necessary to maintain the certification's accuracy.

(c) Records Access. The parties acknowledge and agree that all records, information, and data ("Information") acquired in connection with performance or administration of this Agreement shall be used and disclosed solely for the purpose of performance and administration of the contract or as required by law. The Contractor acknowledges that Contractor Information in the County's possession may be subject to disclosure under Article 6 of the New York State Public Officer's Law ("Freedom of Information Law" or "FOIL"). In the event that such a request for disclosure is made, the County shall make reasonable efforts to notify the Contractor of such request prior to disclosure of the Information so that the Contractor may take such action as it deems appropriate.

4. **Minimum Service Standards.** Regardless of whether required by Law:

- (a) The Contractor shall, and shall cause Contractor Agents to, conduct its, his or her activities in connection with this Agreement so as not to endanger or harm any Person or property.
- (b) The Contractor shall deliver services under this Agreement in a professional manner consistent with the best practices of the industry in which the Contractor operates. The Contractor shall take all actions necessary or appropriate to meet the obligation described in the immediately preceding sentence, including obtaining and maintaining, and causing all Contractor Agents to obtain and maintain, all approvals, licenses, and certifications ("Approvals") necessary or appropriate in connection with this Agreement.

5. **Indemnification; Defense; Cooperation.**

- (a) The Contractor shall be solely responsible for and shall indemnify and hold harmless the County, its officers, employees, and agents (the "Indemnified Parties") from and against any and all liabilities, losses, costs, expenses (including, without limitation, reasonable attorneys' fees and disbursements) and damages ("Losses"), arising out of or in connection with any acts or omissions of the Contractor or a Contractor Agent, regardless of whether taken pursuant to or authorized by this Agreement and regardless of whether due to negligence, fault, or default, including Losses in connection with any threatened investigation, litigation or other proceeding or preparing a defense to or prosecuting the same; provided, however,

that the Contractor shall not be responsible for that portion, if any, of a Loss that is caused by the negligence of the County.

(b) The Contractor shall, upon the County's demand and at the County's direction, promptly and diligently defend, at the Contractor's own risk and expense, any and all suits, actions, or proceedings which may be brought or instituted against one or more Indemnified Parties for which the Contractor is responsible under this Section and the Contractor shall pay and satisfy any judgment, decree, loss or settlement in connection therewith.

(c) The Contractor shall, and shall cause Contractor Agents to, cooperate with the County in connection with the investigation, defense or prosecution of any action, suit or proceeding in connection with this Agreement.

(d) The provisions of this Section shall survive the termination of this Agreement.

6. Insurance.

(a) Types and Amounts. The Contractor shall obtain and maintain throughout the term of this Agreement, at its own expense: (i) one or more policies for commercial general liability insurance, which policy(ies) shall name "Nassau County" as an additional insured and have a minimum single combined limit of liability of not less than one million dollars (\$1,000,000) per occurrence, (ii) if contracting in whole or part to provide professional services, one or more policies for professional liability insurance, which policy(ies) shall have a minimum single combined limit liability of not less than one million dollars (\$1,000,000) per occurrence, (iii) compensation insurance for the benefit of the Contractor's employees ("Workers' Compensation Insurance"), which insurance is in compliance with the New York State Workers' Compensation Law, and (iv) such additional insurance, including, without limitation, builder's all risk, if applicable, automobile liability insurance and umbrella liability insurance, as the County may from time to time specify.

(b) Acceptability; Deductibles; Subcontractors. All insurance obtained and maintained by the Contractor pursuant to this Agreement shall be (i) written by one or more commercial insurance carriers licensed or authorized to do business in New York State and acceptable to the County, and (ii) in form and substance acceptable to the County. The Contractor shall be solely responsible for the payment of all deductibles to which such policies are subject. The Contractor shall require any subcontractor hired in connection with this Agreement to carry insurance with the same limits and provisions required to be carried by the Contractor under this Agreement.

(c) Delivery; Coverage Change; No Inconsistent Action. Prior to the execution of this Agreement, copies of current certificates of insurance evidencing the insurance coverage required by this Agreement shall be delivered to the County Attorney's Office. Not less than thirty (30) days prior to the date of any expiration or renewal of, or actual, proposed or threatened reduction or cancellation of coverage under, any insurance required hereunder, the Contractor shall provide written notice to the County Attorney's Office of the same and

deliver to the County Attorney's Office renewal or replacement certificates of insurance. The Contractor shall cause all insurance to remain in full force and effect throughout the term of this Agreement and shall not take any action, or omit to take any action that would suspend or invalidate any of the required coverages. The failure of the Contractor to maintain Workers' Compensation Insurance shall render this contract void and of no effect. The failure of the Contractor to maintain the other required coverages shall be deemed a material breach of this Agreement upon which the County reserves the right to consider this Agreement terminated as of the date of such failure.

7. Assignment; Amendment; Waiver; Subcontracting.

(a) This Agreement and the rights and obligations hereunder may not be in whole or part (i) assigned, transferred or disposed of, (ii) amended, (iii) waived, or (iv) subcontracted, without the prior written consent of the County Executive or his or her duly designated deputy (the "County Executive"), and any purported assignment, other disposal or modification without such prior written consent shall be null and void. The failure of a party to assert any of its rights under this Agreement, including the right to demand strict performance, shall not constitute a waiver of such rights.

8. Termination. (a) Generally. This Agreement may be terminated (i) for any reason by the County upon thirty (30) days' written notice to the Contractor, (ii) for "Cause" by the County immediately upon the receipt by the Contractor of written notice of termination, (iii) upon mutual written Agreement of the County and the Contractor, and (iv) in accordance with any other provisions of this Agreement expressly addressing termination.

As used in this Agreement the word "Cause" includes: (i) a breach of this Agreement; (ii) the failure to obtain and maintain in full force and effect all Approvals required for the services described in this Agreement to be legally and professionally rendered; and (iii) the termination or impending termination of federal or state funding for the services to be provided under this Agreement.

(b) By The Contractor. This Agreement may be terminated by the Contractor if performance becomes impracticable through no fault of the Contractor, where the impracticability relates to the Contractor's ability to perform its obligations and not to a judgment as to convenience or the desirability of continued performance. Termination under this subsection shall be effected by the Contractor delivering to the County Comptroller, at least sixty (60) days prior to the termination date (or a shorter period if sixty days' notice is impossible), a notice stating (i) that the Contractor is terminating this Agreement in accordance with this subsection, (ii) the date as of which this Agreement will terminate, and (iii) the facts giving rise to the Contractor's right to terminate under this subsection.

(c) Contractor Assistance Upon Termination. In connection with the termination or impending termination of this Agreement the Contractor shall, regardless of the reason for termination, take all actions reasonably requested by the County (including those set forth in other provisions of this Agreement) to assist the County in transitioning the Contractor's

responsibilities under this Agreement. The provisions of this subsection shall survive the termination of this Agreement.

(d) **Change in Law.** This Agreement may be terminated by the Contractor upon written notice to the County if the Contractor determines that a governmental, regulatory, or professional entity (including, without limitation, the American Institute of Certified Public Accounts, the Public Company Accounting Oversight Board, or the Securities and Exchange Commission), or an entity having the force of law has introduced a new, or modified an existing law, rule, regulation, standard, interpretation or decision, the result of which would render the Contractor's performance or any part of Services illegal or otherwise unlawful or in conflict with independence or professional rules. Notice shall be provided at least one hundred and twenty (120) days prior to termination, except as otherwise required by any such law, rule, regulation, standard, interpretation or decision. Prior to any such termination, the Contractor agrees (i) to inform the County of any such law, rule, regulation, standard, interpretation or decision, and (ii) to work in good faith with the County to seek any reasonable alternatives to termination in accordance with such law, rule, regulation, standard, interpretation or decision. Notwithstanding the foregoing, the Contractor may terminate this Agreement immediately upon written notice for reasons related to professional standards, law or regulation, including but not limited to, the independence of the Contractor, the County's failure to provide information (including written representation) or refusal to cooperate, or unresolved accounting or financial reporting disagreements.

9. **Accounting Procedures; Records.** (a) The Contractor shall maintain and retain, for a period of six (6) years following the later of termination of or final payment under this Agreement, complete and accurate records, documents, accounts and other evidence, whether maintained electronically or manually ("Records"), pertinent to performance under this Agreement. Records shall be maintained in accordance with Generally Accepted Government Auditing Standards ("GAGAS") and, to the extent not inconsistent with GAGS, the Contractor's policies and procedures. Such Records shall at all times be available for audit and inspection by the County Comptroller, to the extent that such audit would not compromise the auditors' independence, Comptroller General of the United States or any other governmental authority with jurisdiction over the provision of services hereunder and/or the payment therefore, and any of their duly designated representatives. The provisions of this Section shall survive the termination of this Agreement.

(b) Notwithstanding anything to the contrary contained in section 9 (a), upon prior written notice, where possible and during normal business hours, the Contractor shall provide access to the time sheets, invoices, time records, policies and procedures and expense receipts pertaining to the Services (the "Billing Records"), to the extent reasonably necessary to substantiate payment hereunder, for inspection by the Comptroller's Office. Information contained in the Contractor's Billing Records which constitute confidential personal information shall be excluded.

10. **Non-exclusivity.** The County acknowledges that the Contractor shall have the right to provide services of any kind or nature whatsoever to any person or entity as the Contractor in

its sole discretion deems appropriate and nothing herein shall be construed to conflict with such right.

- 11. Limitations on Actions and Special Proceedings Against the County.** No action or special proceeding shall lie or be prosecuted or maintained against the County upon any claims arising out of or in connection with this Agreement unless:

(a) Notice. At least thirty (30) days prior to seeking relief the Contractor shall have presented the demand or claim(s) upon which such action or special proceeding is based in writing to the County Comptroller for adjustment and the County shall have neglected or refused to make an adjustment or payment on the demand or claim for thirty (30) days after presentment. The Contractor shall send or deliver copies of the documents presented to the County Comptroller under this Section to the County Attorney (at One West Street, Mineola, NY 11501) on the same day that documents are sent or delivered to the County Comptroller. The complaint or necessary moving papers of the Contractor shall allege that the above-described actions and inactions preceded the Contractor's action or special proceeding against the County.

(b) Time Limitation. Such action or special proceeding is commenced within the earlier of (i) one (1) year of the first to occur of (A) final payment under or the termination of this Agreement, and (B) the accrual of the cause of action, and (ii) the time specified in any other provision of this Agreement.

- 12. Work Performance Liability.** The Contractor is and shall remain primarily liable for the successful completion of all work in accordance this Agreement irrespective of whether the Contractor is using a Contractor Agent to perform some or all of the work contemplated by this Agreement, and irrespective of whether the use of such Contractor Agent has been approved by the County.

- 13. Consent to Jurisdiction and Venue; Governing Law.** Unless otherwise specified in this Agreement or required by Law, exclusive original jurisdiction for all claims or actions with respect to this Agreement shall be in the Supreme Court in Nassau County in New York State and the parties expressly waive any objections to the same on any grounds, including venue and forum non conveniens. This Agreement is intended as a contract under, and shall be governed and construed in accordance with, the Laws of New York State, without regard to the conflict of laws provisions thereof.

- 14. Notices.** Any notice, request, demand or other communication required to be given or made in connection with this Agreement shall be (a) in writing, (b) delivered or sent (i) by hand delivery, evidenced by a signed, dated receipt, (ii) postage prepaid via certified mail, return receipt requested, or (iii) overnight delivery via a nationally recognized courier service, (c) deemed given or made on the date the delivery receipt was signed by a County employee, three (3) business days after it is mailed or one (1) business day after it is released to a courier service, as applicable, and (d)(i) if to the Department, to the attention of the Commissioner, or Elected Official, if applicable, at the address specified above for the

Department, (ii) if to an Applicable DCE, to the attention of the Applicable DCE (whose name the Contractor shall obtain from the Department) at the address specified above for the County, (iii) if to the Comptroller, to the attention of the Comptroller at 240 Old Country Road, Mineola, NY 11501, and (iv) if to the Contractor, to the attention of the person who executed this Agreement on behalf of the Contractor at the address specified above for the Contractor, or in each case to such other persons or addresses as shall be designated by written notice.

15. All Legal Provisions Deemed Included; Severability; Supremacy; Construction.

(a) Every provision required by Law to be inserted into or referenced by this Agreement is intended to be a part of this Agreement. If any such provision is not inserted or referenced or is not inserted or referenced in correct form then (i) such provision shall be deemed inserted into or referenced by this Agreement for purposes of interpretation and (ii) upon the application of either party this Agreement shall be formally amended to comply strictly with the Law, without prejudice to the rights of either party.

(b) In the event that any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(c) Unless the application of this subsection will cause a provision required by Law to be excluded from this Agreement, in the event of an actual conflict between the terms and conditions set forth above the signature page to this Agreement and those contained in any schedule, exhibit, appendix, or attachment to this Agreement, the terms and conditions set forth above the signature page shall control. Further to the foregoing, in the event of a conflict between or among the exhibits attached hereto, the documents shall govern in the following order 1) Exhibit A: Engagement Letter; 2) Exhibit 2: RFP and then Exhibit C; Contractor's Proposal. To the extent possible, all the terms of this Agreement should be read together as not conflicting.

(d) Each party has cooperated in the negotiation and preparation of this Agreement, so if any construction is made of the Agreement it shall not be construed against either party as drafter.

16. Section and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

17. Entire Agreement. This Agreement represents the full and entire understanding and agreement between the parties with regard to the subject matter hereof and supersedes all prior agreements (whether written or oral) of the parties relating to the subject matter of this Agreement.

18. Administrative Service Charge. The Contractor agrees to pay the County an administrative service charge of five hundred thirty-three dollars (\$533) for the processing of this

Agreement pursuant to Ordinance Number 74-1979, as amended by Ordinance Number 201-2001. The administrative service charge shall be due and payable to the County by the Contractor upon signing this Agreement.

Value of contract	Administrative fee:
\$0 - \$5,000	\$0
\$5,001 - \$50,000	\$160
\$50,001 - \$ 100,000	\$266
\$100,001 or more	\$533

19. Executory Clause. Notwithstanding any other provision of this Agreement:

(a) Approval and Execution. The County shall have no liability under this Agreement (including any extension or other modification of this Agreement) to any Person unless (i) all County approvals have been obtained, including, if required, approval by the County Legislature, and (ii) this Agreement has been executed by the County Executive (as defined in this Agreement).

(b) Availability of Funds. The County shall have no liability under this Agreement (including any extension or other modification of this Agreement) to any Person beyond funds appropriated or otherwise lawfully available for this Agreement, and, if any portion of the funds for this Agreement are from the State and/or federal governments, then beyond funds available to the County from the State and/or federal governments.

Appendix EE

Equal Employment Opportunities for Minorities and Women

The provisions of this Appendix EE are hereby made a part of the document to which it is attached.

The Contractor shall comply with all federal, State and local statutory and constitutional antidiscrimination provisions. In addition, Local Law No. 14-2002, entitled "Participation by Minority Group Members and Women in Nassau County Contracts," governs all County Contracts as defined herein and solicitations for bids or proposals for County Contracts. In accordance with Local Law 14-2002:

(a) The Contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status in recruitment, employment, job assignments, promotions, upgradings, demotions, transfers, layoffs, terminations, and rates of pay or other forms of compensation. The Contractor will undertake or continue existing programs related to recruitment, employment, job assignments, promotions, upgradings, transfers, and rates of pay or other forms of compensation to ensure that minority group members and women are afforded equal employment opportunities without discrimination.

(b) At the request of the County contracting agency, the Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, union, or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability, or marital status and that such employment agency, labor union, or representative will affirmatively cooperate in the implementation of the Contractor's obligations herein.

(c) The Contractor shall state, in all solicitations or advertisements for employees, that, in the performance of the County Contract, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability or marital status.

(d) The Contractor shall make best efforts to solicit active participation by certified minority or women-owned business enterprises ("Certified M/WBES") as defined in Section 101 of Local Law No.14-2002, for the purpose of granting of Subcontracts.

(e) The Contractor shall, in its advertisements and solicitations for Subcontractors, indicate its interest in receiving bids from Certified M/WBES and the requirement that Subcontractors must be equal opportunity employers.

(f) Contractors must notify and receive approval from the respective Department Head prior to

issuing any Subcontracts and, at the time of requesting such authorization, must submit a signed Best Efforts Checklist.

(g) Contractors for projects under the supervision of the County's Department of Public Works shall also submit a utilization plan listing all proposed Subcontractors so that, to the greatest extent feasible, all Subcontractors will be approved prior to commencement of work. Any additions or changes to the list of subcontractors under the utilization plan shall be approved by the Commissioner of the Department of Public Works when made. A copy of the utilization plan any additions or changes thereto shall be submitted by the Contractor to the Office of Minority Affairs simultaneously with the submission to the Department of Public Works.

(h) At any time after Subcontractor approval has been requested and prior to being granted, the contracting agency may require the Contractor to submit Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises. In addition, the contracting agency may require the Contractor to submit such documentation at any time after Subcontractor approval when the contracting agency has reasonable cause to believe that the existing Best Efforts Checklist may be inaccurate. Within ten working days (10) of any such request by the contracting agency, the Contractor must submit Documentation.

(i) In the case where a request is made by the contracting agency or a Deputy County Executive acting on behalf of the contracting agency, the Contractor must, within two (2) working days of such request, submit evidence to demonstrate that it employed Best Efforts to obtain Certified M/WBE participation through proper documentation.

(j) Award of a County Contract alone shall not be deemed or interpreted as approval of all Contractor's Subcontracts and Contractor's fulfillment of Best Efforts to obtain participation by Certified M/WBEs.

(k) A Contractor shall maintain Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises for a period of six (6) years. Failure to maintain such records shall be deemed failure to make Best Efforts to comply with this Appendix EE, evidence of false certification as M/WBE compliant or considered breach of the County Contract.

(l) The Contractor shall be bound by the provisions of Section 109 of Local Law No. 14-2002 providing for enforcement of violations as follows:

a. Upon receipt by the Executive Director of a complaint from a contracting agency that a County Contractor has failed to comply with the provisions of Local Law No. 14-2002, this Appendix EE or any other contractual provisions included in furtherance of Local Law No. 14-2002, the Executive Director will try to resolve the matter.

b. If efforts to resolve such matter to the satisfaction of all parties are unsuccessful, the Executive Director shall refer the matter, within thirty days (30) of receipt of the complaint, to the American Arbitration Association for proceeding thereon.

c. Upon conclusion of the arbitration proceedings, the arbitrator shall submit to the Executive Director his recommendations regarding the imposition of sanctions, fines or penalties. The Executive Director shall either (i) adopt the recommendation of the arbitrator (ii) determine that no sanctions, fines or penalties should be imposed or (iii) modify the recommendation of the arbitrator, provided that such modification shall not expand upon any sanction recommended or impose any new sanction, or increase the amount of any recommended fine or penalty. The Executive Director, within ten days (10) of receipt of the arbitrators award and recommendations, shall file a determination of such matter and shall cause a copy of such determination to be served upon the respondent by personal service or by certified mail return receipt requested. The award of the arbitrator, and the fines and penalties imposed by the Executive Director, shall be final determinations and may only be vacated or modified as provided in the civil practice law and rules ("CPLR").

(m) The contractor shall provide contracting agency with information regarding all subcontracts awarded under any County Contract, including the amount of compensation paid to each Subcontractor and shall complete all forms provided by the Executive Director or the Department Head relating to subcontractor utilization and efforts to obtain M/WBE participation.

Failure to comply with provisions (a) through (m) above, as ultimately determined by the Executive Director, shall be a material breach of the contract constituting grounds for immediate termination. Once a final determination of failure to comply has been reached by the Executive Director, the determination of whether to terminate a contract shall rest with the Deputy County Executive with oversight responsibility for the contracting agency.

Provisions (a), (b) and (c) shall not be binding upon Contractors or Subcontractors in the performance of work or the provision of services or any other activity that are unrelated, separate, or distinct from the County Contract as expressed by its terms.

The requirements of the provisions (a), (b) and (c) shall not apply to any employment or application for employment outside of this County or solicitations or advertisements therefor or any existing programs of affirmative action regarding employment outside of this County and the effect of contract provisions required by these provisions (a), (b) and (c) shall be so limited.

The Contractor shall include provisions (a), (b) and (c) in every Subcontract in such a manner that these provisions shall be binding upon each Subcontractor as to work in connection with the County Contract.

As used in this Appendix EE the term "Best Efforts Checklist" shall mean a list signed by the Contractor, listing the procedures it has undertaken to procure Subcontractors in accordance with this Appendix EE.

As used in this Appendix EE the term "County Contract" shall mean (i) a written agreement or purchase order instrument, providing for a total expenditure in excess of twenty-five thousand dollars (\$25,000), whereby a County contracting agency is committed to expend or

does expend funds in return for labor, services, supplies, equipment, materials or any combination of the foregoing, to be performed for, or rendered or furnished to the County; or (ii) a written agreement in excess of one hundred thousand dollars (\$100,000), whereby a County contracting agency is committed to expend or does expend funds for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements thereon. However, the term "County Contract" does not include agreements or orders for the following services: banking services, insurance policies or contracts, or contracts with a County contracting agency for the sale of bonds, notes or other securities.

As used in this Appendix EE the term "County Contractor" means an individual, business enterprise, including sole proprietorship, partnership, corporation, not-for-profit corporation, or any other person or entity other than the County, whether a contractor, licensor, licensee or any other party, that is (i) a party to a County Contract, (ii) a bidder in connection with the award of a County Contract, or (iii) a proposed party to a County Contract, but shall not include any Subcontractor.

As used in this Appendix EE the term "County Contractor" shall mean a person or firm who will manage and be responsible for an entire contracted project. As used in this Appendix EE "Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises" shall include, but is not limited to the following:

- a. Proof of having advertised for bids, where appropriate, in minority publications, trade newspapers/notices and magazines, trade and union publications, and publications of general circulation in Nassau County and surrounding areas or having verbally solicited M/WBEs whom the County Contractor reasonably believed might have the qualifications to do the work. A copy of the advertisement, if used, shall be included to demonstrate that it contained language indicating that the County Contractor welcomed bids and quotes from M/WBE Subcontractors. In addition, proof of the date(s) any such advertisements appeared must be included in the Best Effort Documentation. If verbal solicitation is used, a County Contractor's affidavit with a notary's signature and stamp shall be required as part of the documentation.
- b. Proof of having provided reasonable time for M/WBE Subcontractors to respond to bid opportunities according to industry norms and standards. A chart outlining the schedule/time frame used to obtain bids from M/WBEs is suggested to be included with the Best Effort Documentation.
- c. Proof or affidavit of follow-up of telephone calls with potential M/WBE subcontractors encouraging their participation. Telephone logs indicating such action can be included with the Best Effort Documentation.
- d. Proof or affidavit that M/WBE Subcontractors were allowed to review bid specifications, blue prints and all other bid/RFP related items at no charge to the M/WBEs, other than reasonable documentation costs incurred by the County Contractor that are passed onto the M/WBE.

e. Proof or affidavit that sufficient time prior to making award was allowed for M/WBEs to participate effectively, to the extent practicable given the timeframe of the County Contract.

f. Proof or affidavit that negotiations were held in good faith with interested M/WBEs, and that M/WBEs were not rejected as unqualified or unacceptable without sound business reasons based on (1) a thorough investigation of M/WBE qualifications and capabilities reviewed against industry custom and standards and (2) cost of performance. The basis for rejecting any M/WBE deemed unqualified by the County Contractor shall be included in the Best Effort Documentation.

g. If an M/WBE is rejected based on cost, the County Contractor must submit a list of all sub-bidders for each item of work solicited and their bid prices for the work.

h. The conditions of performance expected of Subcontractors by the County Contractor must also be included with the Best Effort Documentation.

i. County Contractors may include any other type of documentation they feel necessary to further demonstrate their Best Efforts regarding their bid documents.

As used in this Appendix EE the term "Executive Director" shall mean the Executive Director of the Nassau County Office of Minority Affairs; provided, however, that Executive Director shall include a designee of the Executive Director except in the case of final determinations issued pursuant to Section (a) through (l) of these rules.

As used in this Appendix EE the term "Subcontract" shall mean an agreement consisting of part or parts of the contracted work of the County Contractor.

As used in this Appendix EE, the term "Subcontractor" shall mean a person or firm who performs part or parts of the contracted work of a prime contractor providing services, including construction services, to the County pursuant to a county contract. Subcontractor shall include a person or firm that provides labor, professional or other services, materials or supplies to a prime contractor that are necessary for the prime contractor to fulfill its obligations to provide services to the County pursuant to a county contract. Subcontractor shall not include a supplier of materials to a contractor who has contracted to provide goods but no services to the County, nor a supplier of incidental materials to a contractor, such as office supplies, tools and other items of nominal cost that are utilized in the performance of a service contract.

Provisions requiring contractors to retain or submit documentation of best efforts to utilize certified subcontractors and requiring Department head approval prior to subcontracting shall not apply to inter-governmental agreements. In addition, the tracking of expenditures of County dollars by not-for-profit corporations, other municipalities, States, or the federal government is not required.

Appendix L

Certificate of Compliance

In compliance with Local Law 1-2006, as amended (the "Law"), the Contractor hereby certifies the following:

1. The chief executive officer of the Contractor is:

_____ (Name)

_____ (Address)

_____ (Telephone Number)

2. The Contractor agrees to either (1) comply with the requirements of the Nassau County Living Wage Law or (2) as applicable, obtain a waiver of the requirements of the Law pursuant to section 9 of the Law. In the event that the contractor does not comply with the requirements of the Law or obtain a waiver of the requirements of the Law, and such contractor establishes to the satisfaction of the Department that at the time of execution of this agreement, it had a reasonable certainty that it would receive such waiver based on the Law and Rules pertaining to waivers, the County will agree to terminate the contract without imposing costs or seeking damages against the Contractor.

3. In the past five years, Contractor _____ has _____ has not been found by a court or a government agency to have violated federal, state, or local laws regulating payment of wages or benefits, labor relations, or occupational safety and health. If a violation has been assessed against the Contractor, describe below:

4. In the past five years, an administrative proceeding, investigation, or government body-initiated judicial action _____ has _____ has not been commenced against or relating to the Contractor in connection with federal, state, or local laws regulating payment of wages or benefits, labor relations, or occupational safety and health. If such a proceeding, action, or investigation has been commenced, describe below:

5. Contractor agrees to permit access to work sites and relevant payroll records by authorized County representatives for the purpose of monitoring compliance with the Living Wage Law and investigating employee complaints of noncompliance.

I hereby certify that I have read the foregoing statement and, to the best of my knowledge and belief, it is true, correct and complete. Any statement or representation made herein shall be accurate and true as of the date stated below.

Dated

Signature of Chief Executive Officer

Name of Chief Executive Officer

Sworn to before me this

_____ day of _____, 2014

Notary Public



June 13, 2014

Office of the Comptroller
240 Old Country Road
Mineola, New York 11501

Attn: Christopher Leimone

Re: Best and Final Offer RFP CO0107-1402 Annual Audit Services

Dear Chris:

We appreciate the opportunity to provide additional clarification in response to the County's BAFO letter dated May 23, 2014. The McGladrey team enjoyed our oral interview in Mineola with you, the Comptroller and the evaluation committee members.

Following are our responses to each of the questions:

1. The annual cost proposal for the services requested for the years covered in the RFP.

Original Fee Proposal. McGladrey's proposed lump sum fees by major audit area by year in our initial proposal were:

	2014	2015	2016	2017	2018
Financial statement audit	\$240,000	\$240,000	\$240,000	\$250,000	\$250,000
Single audit	70,000	70,000	70,000	75,000	75,000
Total not-to-exceed costs	\$310,000	\$310,000	\$310,000	\$325,000	\$325,000

Best and Final Offer. To demonstrate our desire to work with Nassau County, we will provide an additional discount from our initial fees, for each audit and each year:

	2014	2015	2016	2017	2018
Financial statement audit	\$235,000	\$235,000	\$235,000	\$245,000	\$245,000
Single audit	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>70,000</u>	<u>70,000</u>
Total not-to-exceed costs	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$315,000</u>	<u>\$315,000</u>

2. Whether the cost proposal includes any services in relation to the County's transition to a new financial system that may be implemented during the contract period, and what those services would be.

Yes, our proposal does include certain services related to a new financial system transition. These include:

- Discussions with the County relative to the planned functionality of the system, the number of modules expected to be implemented (general ledger, fixed assets, accounts payable, budget, treasury, HR and payroll, etc.), our experience with other financial system transitions, typical challenges, and the County's plan to oversee and manage the transition.

- Meeting with the System Integrator selected by the County to understand the timeline, controls and approach for the new system.
- Consideration of revised controls, including manual vs. automated controls (such as work flow approval of invoices). We will adopt our audit approach to consider these new controls and processes.
- Review of the data conversion and migration process, from the existing application to the new financial system, to create a solid audit trail and accurate transition.
- Informal input on the systems RFP and potential integration vendors, if desired.
- Note: Our assumption is that the County's implementation would be timely and not result in any data errors, unreconciled amounts or misstated balances. If these are detected during our audit testing, we would discuss any additional audit effort or fees with you.

3. Describe the number of grants that will be tested in the County's single audit that are included in the cost proposal, and whether the proposal contemplates the County as a high-risk entity.

The number of grant major programs expected to be tested as part of the County's Single Audit is 18. Our budget was prepared based on the historic level of Federal funding received and expended by the County, excluding the effect of ARRA funded programs in recent years. Based on that analysis, it appears that, on average, between 15 and 20 major programs are being tested annually.

Our audit testing will determine whether the County is deemed as a high-risk or low risk auditee. In either case, our fees will not change, as we do not believe that there would be a significant effect on the scope of the Single Audit. Based on the size and number of programs that will have to be rotated through as major programs over a three year cycle, we deem it highly unlikely that the percentage of coverage would drop below the level that would have an impact.

As discussed during our oral presentation, we will also consider the effect of the new OMB super-circular, and have a planning session with you.

4. Describe the requirements and procedures that will be necessary for the firm to meet the requirement that the budgetary year-end numbers be released at the end of February.

Immediately upon the execution of our arrangement letter, we will schedule a meeting with key County personnel to discuss the timing, availability of financial information related to accounts that could impact your budgetary year-end numbers and individuals who will be responsible for the preparation of such.

We will then develop a prepared by client (PBC) listing and a time-table for completion of the various analysis and schedules and obtain concurrence from management. We will then assign various areas of testing to members of our engagement team.

Our engagement Director, Bob Rooney, has been associated with the County's audit from 1998 to 2009. During his tenure, the timing for the release of the County's budgetary year-end numbers was never missed. Bob's knowledge of the operations of the County and his years of experience will ensure that the appropriate accounts impacting your budgetary numbers will be addressed timely so that your press release deadline will be met.

5. Describe whether the firm would charge the County an additional fee for including the County's financials, without an update, in its bond and note offerings, and what that charge would be.

There will be no charge to the County for including McGladrey's audit opinion on the County's financial statements in any bond or note offerings.

Upon completion of our audit, we will provide the County with the appropriate Auditor's Report that would be used in any of the County's offering documents. We would expect the County to include appropriate language recommended by the Government Finance Officers' Association in all such offering documents, which would inform the readers that no additional procedures were performed by the auditor.

Should the underwriters request our firm to perform agreed-upon procedures and render a Comfort Letter, we would discuss with management, the time required and a fee estimate using our hourly contract rates.

6. Describe the extent of training that the firm would provide to the Comptroller's Office personnel assisting the firm on the audit, as well as training provided to County personnel, in relation to the single audit.

Once or twice a year, McGladrey holds a webcast for clients and non-clients. Topics usually center on new accounting pronouncements, auditing standards, best practices or upcoming changes in the public sector industry. Various members of County management have been invited to attend several past presentations, at no cost.

In addition, we will conduct an annual half day or one day training for County employees in the accounting function on accounting or public sector topics that may be of interest to them.

In 2013, Bob Rooney conducted a one day training session for accounting personnel from various County Departments who were involved in the process of expending Federal funds. Bob was supported by Dan Bonnette, from our Boston office, who enlightened the attendees on the various components of the Single Audit Act and its compliance and reporting requirements. Bob then discussed the County's process that was in place to capture the reporting of expenditures by program so that the County could accurately complete the Schedule of Expenditures of Federal Awards on a timely basis. He also described the types of documentation required to be provided to the auditor in order to adhere to the Federal Compliance regulations. We would continue to conduct this training on an annual basis.

There is **no cost** to the County for the webcasts, half or one day training on applicable accounting or public sector topics or the single audit training.

7. Describe whether the reissuance of the County's 2012 Comprehensive Annual Financial Report will have an impact on your annual cost proposal or any audit procedures.

There will be no impact on our audit cost. Part of our audit procedures will include an understanding of the circumstances as to why the reissuance was required and the specific pension plan reporting errors detected. In addition, we will inquire about any new processes that were put into place to strengthen the financial reporting.

8. Describe what types of additional services your firm will provide as part of the not-to-exceed fee. For example, if the County required assistance with accounting issues or the accounting treatment of transactions, what services would be provided without an additional cost and how would you determine what services would require an additional fee?

There would be no additional fees charged for consultation on accounting issues or the accounting treatment of transactions. We believe in timely communication and advance discussion of emerging accounting standards.

We would discuss with management the additional fees for services resulting from significant changes required by major new accounting pronouncements (i.e. GASB 34); any requests for opinion letters from our firm regarding the treatment of proposed transactions; or any agreed-upon procedures reports that may be required by underwriters, regulators or third-party transactions.

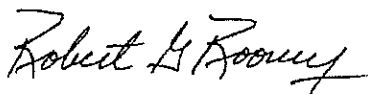
9. Describe whether the firm would charge the County an additional fee to speak to grantors on the County's behalf should the need to address grantor's follow-up questions, issues or concerns that arise as a result of any Single Audit findings.

Telephone calls or meetings with grantors to discuss the resolution or impact of our single audit findings would not require additional charges.

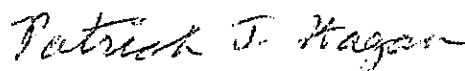
If the regulators requested additional or expanded audit testing or rework is required as a result of findings, then we would incur additional fees. We would discuss the amount of time estimated with management prior to the commitment or performance of such work.

Please contact Bob or Pat at with any questions or comments. The entire McGladrey team would be honored to work with Nassau County. Thank you for your consideration.

Sincerely,



Robert G. Rooney
212.372.1033
robert.rooney@mcgladrey.com



Patrick J. Hagan
312.634.3981
patrick.hagan@mcgladrey.com

January 6, 2015

Mr. George Maragos, Comptroller
Nassau County
240 Old Country Road
Mineola, NY 11501

Dear Mr. Maragos:

The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit the financial statements of Nassau County's (the "County") governmental activities, aggregate discretely presented component units, each major fund and aggregate remaining fund information as of and for the year-ended December 31, 2014 (with the Nassau Community College for the year ended August 31, 2014) which collectively comprise the basic financial statements. You acknowledge that we are the group auditor of the County's basic financial statements as of and for the year ended December 31, 2014. We will not audit the financial statement of the Nassau Regional Off-Track Betting Corporation, the Nassau County Industrial Development Agency, Nassau County Local Economic Assistance Corporation, the Nassau County Bridge Authority and the Nassau Health Care Corporation, all discretely presented component units. Those financial statements will be audited by component auditors.

We are pleased to confirm our understanding of this audit engagement by means of this letter. Our acceptance of this engagement is subject to our satisfactorily completing our normal engagement acceptance procedures, including review of the audit documentation of your previous auditors, adverse data searches and background checks and communication and coordination efforts with component auditors. We will notify you promptly if we become aware of anything during our acceptance procedures or the review of audit documentation that results in our not being able to continue this engagement.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements, and the accompanying supplementary information presented in relation to the basic financial statements.

We will also perform the audit of the County as of December 31, 2014, so as to satisfy the audit requirements imposed by the Single Audit Act and the U. S. Office of Management and Budget (OMB) Circular No. A-133.

We will provide the County with our consent to release preliminary fiscal year results by the third week in March of each year subsequent to the end of the fiscal year being audited, and deliver the final audit and the CAFR by June 30 of each year subsequent to the end of the fiscal year being audited.

We will author a management letter communicating the results of the study and evaluation of the County's system of internal accounting controls performed as part of the audit of the financial statements.

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The management letter will also provide recommendations about other aspects of the County's operations where opportunities for improvement were observed. The management letter will be delivered within 60 days after the release of the CAFR and/or Single Audit but no later than the last day of the fiscal year in which the reports are released.

We will attend all Audit Committee meetings as requested by the County Comptroller.

We will meet all requirements of the County as outlined in Section II, Scope of Work, of RFP No. CO0107-1402, issued January 13, 2014.

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); "Government Auditing Standards" issued by the Comptroller General of the United States; the provisions of the Single Audit Act, OMB Circular A-133, OMB's Compliance Supplement and guidance provided in the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) issued by the New York State Department of Transportation. Those standards, circulars, supplements and guides require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. 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 of material misstatement of the financial statements, whether due to fraud or error. 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.

Because of the 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 GAAS. Also, an audit is not designed to detect errors or fraud that is immaterial to the financial statements. The determination of abuse is subjective; therefore, Government Auditing Standards do not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the County's 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 entity's internal control. However, we will communicate to you in writing 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.

We will also communicate to the County Legislature and the Audit Committee: (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The funds that you have told us are maintained by the County and that are to be included as part of our audit are listed here:

- General Fund
- NIFA Fund

- Police District Fund
- Sewer and Storm Water District Fund
- Capital Fund
- Nonmajor Governmental Funds
 - Environmental Protection Fund (Special Revenue)
 - Tobacco Settlement Corp (Special Revenue)
 - Sewer Financing Authority (Special Revenue)
 - Grant Fund (Special Revenue)
 - FEMA Fund (Special Revenue)
 - Tobacco Settlement Corp (Debt Service)
 - Sewer Financing Authority (Debt Service)
 - NIFA (Debt Service)

The existing component units whose financial statements you have told us are to be included as part of the County's basic financial statements are listed here:

- Nassau Community College
- Nassau Health Care Corporation
- Nonmajor Discretely Presented Component Units
 - The Nassau Regional Off-Track Betting Corporation (Proprietary)
 - The Nassau County Industrial Development Agency (Proprietary)
 - The Nassau County Local Economic Assistance Corporation (Proprietary)
 - The Nassau County Bridge Authority (Proprietary)
- Blended Component Units
 - Nassau County Interim Finance Authority
 - The Nassau County Tobacco Settlement Corporation
 - The Nassau County Sewer and Storm Water Finance Authority

There are no component units whose financial statements you have told us will be omitted from the basic financial statements. Should it be determined during the course of the audit that related organizations are deemed to be component units for financial reporting purposes, they too will be included.

Our report(s) on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and circulars identified above. Our report(s) on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts, and any state or federal grant, entitlement, or loan program questioned costs of which we become aware, consistent with requirements of the standards and circulars identified above.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;

- b. 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 fraud or error;
- c. For establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
- d. For (1) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan, and (2) report distribution including submitting the reporting packages; and
- e. To provide us with:
 - (1) Access to 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;
 - (2) Additional information that we may request from management for the purpose of the audit;
 - (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
 - (4) When applicable, a summary schedule of prior audit findings for inclusion in the single audit reporting package; and
 - (5) If applicable, responses to any findings reported on the schedule of findings and questioned costs.

As part of our audit process, we will request from management and when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit including among other items:

- a. That management has fulfilled its responsibilities as set out in the terms of this letter; and
- b. That it believes the effects of any uncorrected misstatements, where applicable, aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the County complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse or suspected fraud or abuse affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the required supplementary information (RSI) and supplementary information presented in relation to the financial statements as a whole in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the RSI and supplementary information in any document that contains the supplementary information and that indicates that the auditor has reported on such RSI and supplementary information. Management also agrees to present the supplementary information with the

audited financial statements or, if the supplementary information will not be presented with 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 of the supplementary information and the auditor's report thereon.

The County Legislature is responsible for informing us of its views about the risks of fraud or abuse within the entity, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the County.

You have informed us that you may issue public debt in the future and that you may include our report on your financial statements in the offering statement. You have further informed us that you do not intend that we be associated with the proposed offering.

We agree that our association with any proposed offering is not necessary, providing the County agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. The County agrees that the following disclosure will be prominently displayed in any such official statement or memorandum:

McGladrey LLP, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. McGladrey LLP also has not performed any procedures relating to this official statement.

Because McGladrey LLP will rely on the County and its management and the County Legislature to discharge the foregoing responsibilities, the County holds harmless and releases McGladrey LLP, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the County's management which has caused, in any respect, McGladrey LLP's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

The County's Records and Assistance

If circumstances arise relating to the condition of the County's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report, or withdraw from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the County's books and records. The County will determine that all such data, if necessary, will be so reflected. Accordingly, the County will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by County personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with the Comptroller's Office Accounting Department. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Other Relevant Information

In accordance with *Government Auditing Standards*, a copy of our most recent peer review report is enclosed, for your information. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In addition, we may utilize financial information you have provided to us in connection with this engagement for purposes of creating benchmarking data to be used by McGladrey LLP professionals and other clients. This benchmarking data is aggregated with data from a minimum of five other entities so that users of the data are unable to associate the data with any single entity in the database.

Fees, Costs, and Access to Work papers

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement. Our fee estimate and completion of our work is based upon the following criteria:

- a. Anticipated cooperation from County personnel.
- b. Timely responses to our inquiries.
- c. Timely completion and delivery of client assistance requests.
- d. Timely communication of all significant accounting and financial reporting matters.
- e. The assumption that unexpected circumstances will not be encountered during the engagement.

Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. The payment schedule for the aforementioned services is as follows:

First progress billing	January 30, 2014	\$30,000
Second progress billing	February 27, 2015	30,000
Third progress billing	March 31, 2015	30,000
Fourth progress billing	April 30, 2015	30,000
Fifth progress billing	May 29, 2015	30,000
Sixth progress billing	June 30, 2015	30,000
Seventh progress billing	July 31 2015	30,000
Eighth progress billing	August 31, 2015	30,000
Ninth progress billing	September 30, 2015	30,000
Final billing	October 30, 2015	30,000
Total		\$300,000

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the County agrees it will compensate McGladrey LLP for any additional costs incurred as a result of the County's employment of a partner or professional employee of McGladrey LLP.

The documentation for this engagement is the property of McGladrey LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least six years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of McGladrey LLP audit personnel and at a location designated by our Firm.

You have informed us that you intend to prepare a comprehensive annual financial report (CAFR) and submit it for evaluation by the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting. We will assist the County in its annual effort to maintain its Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("GFOA") by subjecting the CAFR and the application to a review to ensure that all criteria have been met.

Claim Resolution

The County and McGladrey LLP agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by McGladrey LLP or the date of this arrangement letter if no report has been issued. The County waives any claim for punitive damages. McGladrey LLP's liability for all claims, damages and costs of the County arising from this engagement is limited to the amount of fees paid by the County to McGladrey LLP for the services rendered under this arrangement letter.

If any term or provision of this Agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

Reporting

We will issue a written report upon completion of our audit of the County's financial statements. Our report will be addressed to the County Executive and members of the County Legislature. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on the County's financial statements, we will also issue the following types of reports:

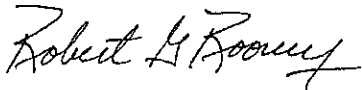
- A report on the fairness of the presentation of the County's schedule of expenditures of federal awards for the year ending December 31, 2014.
- Reports on internal control related to the financial statements and major programs. These reports will describe the scope of testing of internal control and the results of our tests of internal controls.
- Reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a material effect, as defined by OMB Circular No. A-133, on each major program.
- A schedule of findings and questioned costs.

- A report on the New York State Department of Transportation mandated Schedule of State Transportation Assistance Expended, that addresses compliance with requirements that could have a direct and material effect on each State Transportation Program and internal control over compliance in accordance with Part 43 of the NYS Codification of rules and regulations. The responsibility we are to take for the material included in this report will be the same as that we assume for the OMB Circular A-133 report.

This letter, in conjunction with the contract dated November 13, 2014 and the RFP dated January 9, 2014, constitutes the complete and exclusive statement of agreement between McGladrey LLP and the County, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

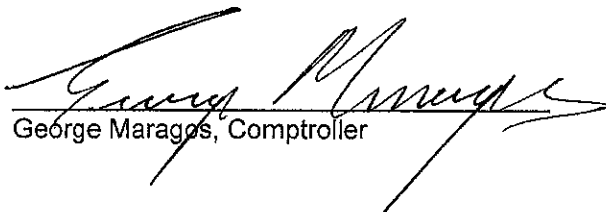
Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

McGladrey LLP



Robert G. Rooney, CPA
Director

Confirmed on behalf of Nassau County:


George Maragos, Comptroller

1-12-15
Date

Appendix A
COUNTY OF NASSAU, NEW YORK
FEDERAL AWARDS

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER
<u>U.S. DEPARTMENT OF AGRICULTURE</u>	
<i>PASSED THROUGH:</i>	
NEW YORK STATE DEPARTMENT OF EDUCATION:	
<i>CHILD NUTRITION CLUSTER</i>	
SCHOOL BREAKFAST PROGRAM	10.553
NATIONAL SCHOOL LUNCH PROGRAM	10.555
<i>TOTAL CHILD NUTRITION CLUSTER</i>	
<i>PASSED THROUGH:</i>	
NEW YORK STATE DEPARTMENT OF HEALTH:	
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC Program)	10.557
NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE:	
<i>SNAP CLUSTER</i>	
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	10.561
<i>TOTAL SNAP CLUSTER</i>	
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>	
<i>DIRECT PROGRAMS:</i>	
HOUSING COUNSELING ASSISTANCE PROGRAM	14.169
<i>CDBG - ENTITLEMENT GRANTS CLUSTER</i>	
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218
<i>TOTAL CDBG - ENTITLEMENT GRANTS CLUSTER</i>	
EMERGENCY SOLUTIONS GRANT PROGRAM (ESG)	14.231
HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME Program)	14.239
COMMUNITY DEVELOPMENT BLOCK GRANTS_SECTION 108 LOAN GUARANTEES	14.248
SUSTAINABLE COMMUNITIES REGIONAL PLANNING GRANT PROGRAM	14.703
LEAD HAZARD REDUCTION DEMONSTRATION GRANT PROGRAM	14.905
<i>CDBG-STATE ADMINISTERED CDBG CLUSTER</i>	
<i>PASSED THROUGH:</i>	
NEW YORK STATE HOME AND COMMUNITY RENEWAL	
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAMS AND NON- ENTITLEMENT GRANTS IN HAWAII	14.228
<i>TOTAL -CDBG-STATE ADMINISTERED CDBG CLUSTER</i>	
<u>U. S. DEPARTMENT OF JUSTICE</u>	
<i>DIRECT PROGRAMS:</i>	
EQUITABLE SHARING PROGRAM	16.922
JOINT LAW ENFORCEMENT OPERATIONS (JLEO)	16.111
SERVICES FOR TRAFFICKING VICTIMS	16.320
STATE CRIMINAL ALIEN ASSISTANCE PROGRAM (SCAAP)	16.606
DNA BACKLOG REDUCTION PROGRAM	16.741
CONGRESSIONALLY RECOMMENDED AWARDS	16.753
RECOVERY ACT-INTERNET CRIMES AGAINST CHILDREN TASK FORCE PROGRAM	16.800

RECOVERY ACT - EDWARD BYRNE MEMORIAL COMPETITIVE GRANT PROGRAM	16.808
SECOND CHANCE ACT PRISONER REENTRY INITIATIVE	16.812
PASSED THROUGH:	
NEW YORK STATE CRIME VICTIMS BOARD	
CRIME VICTIM ASSISTANCE	16.575
NEW YORK STATE DIVISION OF CRIMINAL JUSTICE SERVICES	
JUVENILE JUSTICE AND DELINQUENCY PREVENTION_ ALLOCATION TO STATES	16.540
JUVENILE ACCOUNTABILITY BLOCK GRANTS	16.523
VIOLENCE AGAINST WOMEN FORMULA GRANTS	16.588
PAUL COVERDELL FORENSIC SCIENCES IMPROVEMENT GRANT PROGRAM	16.742
THE CENTER FOR COURT INNOVATION:	
PROJECT SAFE NEIGHBORHOODS	16.609
JAG PROGRAM CLUSTER	
DIRECT PROGRAMS:	
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738
RECOVERY ACT-EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM/GRANTS TO UNITS OF LOCAL GOVERNMENT	16.804
PASSED THROUGH:	
NEW YORK STATE DIVISION OF CRIMINAL JUSTICE SERVICES	
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT	16.738
TOTAL JAG PROGRAM CLUSTER	
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>	
DIRECT PROGRAMS:	
NATIONAL MOTOR CARRIER SAFETY	20.218
FEDERAL TRANSIT CLUSTER	
DIRECT PROGRAMS:	
FEDERAL TRANSIT - FORMULA GRANTS	20.507
PASSED THROUGH:	
NEW YORK STATE DEPARTMENT OF TRANSPORTATION	
FEDERAL TRANSIT _FORMULA GRANTS	20.507
TOTAL FEDERAL TRANSIT CLUSTER	
PASSED THROUGH:	
NEW YORK STATE DEPARTMENT OF TRANSPORTATION	
METROPOLITAN TRANSPORTATION PLANNING	20.505
ALTERNATIVES ANALYSIS	20.522
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER	
NEW YORK STATE DEPARTMENT OF TRANSPORTATION	
HIGHWAY PLANNING AND CONSTRUCTION	20.205
RECOVERY ACT- HIGHWAY PLANNING AND CONSTRUCTION	20.205
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER	
HIGHWAY SAFETY CLUSTER	
NEW YORK STATE GOVERNOR'S TRAFFIC SAFETY COMMITTEE:	
STATE AND COMMUNITY HIGHWAY SAFETY	20.600
TOTAL HIGHWAY SAFETY CLUSTER	
<u>U.S. DEPARTMENT OF THE TREASURY</u>	
DIRECT PROGRAMS:	
TREASURY ASSET FORFEITURE PROGRAM	21.000

PASS THROUGH:**STATE OF NEW YORK MORTGAGE AGENCY**

NATIONAL FORECLOSURE MITIGATION COUNSELING PROGRAM 21.000

U.S. ENVIRONMENTAL PROTECTION AGENCY**DIRECT PROGRAMS:**

NATIONAL CLEAN DIESEL EMISSIONS REDUCTION PROGRAM 66.039

CONSTRUCTION GRANTS FOR WASTEWATER TREATMENT WORKS 66.418

BROWNFIELDS TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE GRANTS AND
COOPERATIVE AGREEMENTS 66.814

BROWNFIELDS ASSESSMENT AND CLEANUP COOPERATIVE AGREEMENTS 66.818

PASSED THROUGH:**NEW YORK STATE DEPARTMENT OF HEALTH**

BEACH MONITORING AND NOTIFICATION PROGRAM IMPLEMENTATION GRANTS 66.472

NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION

CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS 66.458

TOWN OF OYSTER BAY, NEW YORK

CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS 66.458

VILLAGE OF LAWRENCE, NEW YORK

CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS 66.458

VILLAGE OF CEDARHURST, NEW YORK

CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS 66.458

TOTAL - U.S. ENVIRONMENTAL PROTECTION AGENCY**U.S. DEPARTMENT OF EDUCATION****PASSED THROUGH:****NEW YORK STATE DEPARTMENT OF HEALTH:**

SPECIAL EDUCATION - GRANTS FOR INFANTS AND FAMILIES 84.181

HEMPSTEAD SCHOOL DISTRICT

TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS 84.287

U.S. ELECTION ASSISTANCE COMMISSION**PASSED THROUGH****NEW YORK STATE BOARD OF ELECTIONS**

HELP AMERICA VOTE ACT REQUIREMENTS PAYMENTS 90.401

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**DIRECT PROGRAMS:**

COMPREHENSIVE COMMUNITY MENTAL HEALTH SERVICES FOR CHILDREN WITH SERIOUS
EMOTIONAL DISTURBANCES (SED) 93.104

HIV EMERGENCY RELIEF PROJECT GRANTS 93.914

PASSED THROUGH:**NEW YORK STATE DEPARTMENT OF HEALTH:**

IMMUNIZATION COOPERATIVE AGREEMENTS 93.268

PREVENTIVE HEALTH SERVICES_SEXUALLY TRANSMITTED DISEASES CONTROL GRANTS 93.977

MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES 93.994

MEDICAID CLUSTER**NEW YORK STATE DEPARTMENT OF HEALTH:**

MEDICAL ASSISTANCE PROGRAM 93.778

MEDICAL ASSISTANCE PROGRAM - PRENATAL	93.778
MEDICAL ASSISTANCE PROGRAM - COMMUNITY HEALTH	93.778
NEW YORK STATE OFFICE OF MENTAL HEALTH:	
MEDICAL ASSISTANCE PROGRAM	93.778
TOTAL MEDICAID CLUSTER	
NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE:	
CHILD SUPPORT ENFORCEMENT	93.563
LOW-INCOME HOME ENERGY ASSISTANCE	93.568
TANF CLUSTER	
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)	93.558
TOTAL TANF CLUSTER	
CCDF CLUSTER	
NEW YORK STATE OFFICE OF CHILDREN	
CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.575
TOTAL CCDF CLUSTER	
NEW YORK STATE OFFICE OF CHILDREN AND FAMILY SERVICES:	
FOSTER CARE_TITLE IV-E	93.658
ADOPTION ASSISTANCE	93.659
SOCIAL SERVICES BLOCK GRANT	93.667
NEW YORK STATE HEALTH RESEARCH, INC.:	
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069
NEW YORK STATE OFFICE FOR THE AGING:	
SPECIAL PROGRAMS FOR THE AGING - TITLE VII, CHAPTER 2 - LONG TERM CARE OMBUDSMAN SERVICES FOR OLDER INDIVIDUALS	93.042
SPECIAL PROGRAMS FOR THE AGING_ TITLE III, PART D - DISEASE PREVENTION AND HEALTH PROMOTION SERVICES	93.043
AGING CLUSTER	
SPECIAL PROGRAMS FOR THE AGING - TITLE III, PART B - GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS	93.044
SPECIAL PROGRAMS FOR THE AGING - TITLE III, PART C - NUTRITION SERVICES	93.045
NUTRITION SERVICES INCENTIVE PROGRAM	93.053
TOTAL AGING CLUSTER	
NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E	93.052
LOW-INCOME HOME ENERGY ASSISTANCE	93.568
CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) RESEARCH, DEMONSTRATIONS AND EVALUATIONS	93.779
NEW YORK STATE OFFICE OF ALCOHOL AND SUBSTANCE ABUSE SERVICES:	
BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.959
NEW YORK STATE OFFICE OF MENTAL HEALTH:	
PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH)	93.150
BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	93.958
NATIONAL ASSOCIATION OF COUNTY AND CITY HEALTH OFFICIALS (NACCHO)	
MEDICAL RESERVE CORPS SMALL GRANT PROGRAM	93.008
<u>DEPARTMENT OF HOMELAND SECURITY</u>	
<u>DIRECT PROGRAMS:</u>	
ASSISTANCE TO FIREFIGHTERS GRANT	97.044

PASSED THROUGH:

NEW YORK STATE OFFICE OF HOMELAND SECURITY:

DISASTER GRANTS- PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	97.036
INTEROPERABLE EMERGENCY COMMUNICATIONS GRANT	97.055
HOMELAND SECURITY GRANT PROGRAM	97.067
BUFFER ZONE PROTECTION PROGRAM (BZPP)	97.078

NEW YORK STATE EMERGENCY MANAGEMENT OFFICE:

HAZARD MITIGATION GRANT	97.039
EMERGENCY MANAGEMENT PERFORMANCE GRANTS (EMPG)	97.042
CITIZENS- COMMUNITY RESILIENCE INNOVATION CHALLENGE	97.053

SUFFOLK COUNTY FIRE RESCUE AND EMERGENCY SERVICES

STAFFING FOR ADEQUATE FIRE AND EMERGENCY RESPONSE (SAFER)	97.083
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NEW YORK CITY POLICE DEPARTMENT

SECURING THE CITIES PROGRAM	97.106
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System Review Report

To the Partners of
McGladrey LLP
and the National Peer Review Committee
of the American Institute of Certified
Public Accountants Peer Review Board

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

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and audits of carrying broker-dealers, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

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

BKD, LLP

December 4, 2013



Peer Review Program

Administered by the National Peer Review Committee

American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

December 19, 2013

Joseph Michael Adams, CPA
McGladrey LLP
1 S Wacker Dr Ste 800
Chicago, IL 60606

Dear Mr. Adams:

It is my pleasure to notify you that on December 12, 2013 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is October 31, 2016. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Betty Jo Charles
Chair, National Peer Review Committee
nprc@aicpa.org 919 402-4502

cc: John Mark Edwardson; Andrew V. Lear

Firm Number: 10046712

Review Number 347652

Letter ID: 850189

Shteynfeld, Sulamif

From: Baglione, John
Sent: Tuesday, March 24, 2015 10:05 AM
To: Shteynfeld, Sulamif
Cc: Garner, James; Marcinek, Jr., Joseph T; Olney, Michael; Blanco, Sergio
Subject: McGladrey claim

Hi Mifa,

Based on a conversation with Michael, we can rely on the engagement letter as a letter of clarity with regard to schedule of payments. This letter will augment the contract with regard to the same.

Please make a note on the excel schedule and print this email for the claim.

Thanks

John Baglione, MBA
Fiscal Officer
Nassau County Office of the Comptroller
240 Old Country Road, Room 211
Mineola, New York 11501
☎ (516) 571-2865
📠 (516) 571-2533
Email: jbaglione@nassaucountyny.gov

Nassau County

Long Island, New York



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Hot Stock Pick - RBCC

Many Expect RBCC To Be Breakout Stock of the Year

○ ○

McGladrey Changes Its Name To RSM In Global Branding Initiative

By PR Newswire ○ | 10/26/15 - 07:40 AM EDT

Exclusive FREE Report: *Jim Cramer's Best Stocks for 2016*



CHICAGO, Oct. 26, 2015 /PRNewswire/ -- RSM US LLP ("RSM"), formerly McGladrey LLP, is celebrating the launch of its new brand, which unites fellow firms from more than 110 countries in the RSM International network under a common brand, by issuing the first global edition of The Real Economy and launching a national advertising campaign. The unified brand is part of an initiative to further RSM's vision to be the first-choice advisor to middle market leaders globally.

"Since we helped found the RSM International network more than 50 years ago, our firm has been dedicated to taking the middle market to the global market," said RSM US LLP Managing Partner and CEO Joe Adams. "As middle market companies increase their participation in the global economy, they are challenged by the ever-changing regulatory and business landscape. For decades our firm has combined



RSM

publication, The Real Economy. Led by RSM US LLP Chief Economist, Joe Brusuelas, and other RSM leaders from around the world, these reports address a range of international issues relevant to middle market firms around the globe. This global thought leadership initiative is part of a larger effort by RSM to provide actionable insights and analysis to middle market companies about the issues most relevant to their businesses.

RSM is also launching an advertising campaign in the U.S. as part of the rebrand entitled, "The Gauntlet," with national television spots airing on Headline News, CNN, Bloomberg TV and The Golf Channel. Developed by Charlotte-based Luquire George Andrews, the campaign also features extensive online, digital and traditional media components in leading publications read by middle market business leaders. The creative premise for the ads centers around a middle market leader running a real-life gauntlet, meant to symbolize the challenges RSM can help clients overcome as they grow and expand globally.

"It is extremely important that our thought leadership and creative assets represent the global issues our clients face every day and underscore our commitment to help them experience the power of being understood," said Andy Bosman, principal and chief marketing officer of RSM US LLP. "Our unified brand gives us a broader range of global expertise and perspectives to provide even more relevant insights to middle market businesses on a daily basis."

To download the inaugural issue of The Global Real Economy, visit our website. Subscribe to The Real Economy here.

"Over the years, our firm has evolved with our clients, developing a strong suite of services to support their expansion into the global market," said Adams. "Unifying under the RSM brand will better enable current and potential clients of RSM International firms around the world to more clearly see the strength and broad reach of global services offered."

STOCKS TO BUY: TheStreet's Stocks Under \$10 has identified a handful of stocks with serious upside potential. **See them FREE for 14-days.**

an understanding of our clients' unique challenges and aspirations with our knowledge of the global business environment to help leaders move forward with confidence. The RSM brand brings this enduring commitment to life in a real and tangible way."

As a centerpiece of the rebrand, RSM is launching The Global Real Economy, a semi-annual global edition of its flagship



PRINCIPAL QUESTIONNAIRE FORM

All questions on these questionnaires must be answered by all officers and any individuals who hold a ten percent (10%) or greater ownership interest in the proposer/bidder. Answers must be typewritten or printed in ink. If you need more space to answer any question, make as many photocopies of the appropriate page(s) as necessary and attach them to the questionnaire.

COMPLETE THIS QUESTIONNAIRE CAREFULLY AND COMPLETELY. FAILURE TO SUBMIT A COMPLETE QUESTIONNAIRE MAY MEAN THAT YOUR BID/ PROPOSAL WILL BE REJECTED AS NON-RESPONSIVE AND IT WILL NOT BE CONSIDERED FOR AWARD.

NOTE: All questions require a response, even if response is "none" or "not-applicable." No blanks.

There are no individuals who hold a ten percent or greater ownership interest in the firm. Therefore, per instructions provided to us, we have completed this form for the partner in charge of the services provided to the County.

1. Principal Name Scott Bassett
 Date of birth [REDACTED]
 Home address [REDACTED]
 City/state/zip [REDACTED]
 Business address 157 Church Street
 City/state/zip New Haven, CT 06510
 Telephone 203-773-6615
 Other present address(es) _____
 City/state/zip _____
 Telephone _____
 List of other addresses and telephone numbers attached _____
2. Positions held in submitting business and starting date of each (check all applicable)
 President ____/____/____ Treasurer ____/____/____
 Chairman of Board ____/____/____ Shareholder ____/____/____
 Chief Exec. Officer ____/____/____ Secretary ____/____/____
 Chief Financial Officer ____/____/____ Partner 2/1/1995
 Vice President ____/____/____
 (Other) _____
3. Do you have an equity interest in the business submitting the questionnaire?
 NO ____ YES X If Yes, provide details. Partner
4. Are there any outstanding loans, guarantees or any other form of security or lease or any other type of contribution made in whole or in part between you and the business submitting the questionnaire? NO
 ____ YES ____ If Yes, provide details.
5. Within the past 3 years, have you been a principal owner or officer of any business or not-for-profit organization other than the one submitting the questionnaire? NO YES ____; If Yes, provide details.
6. Has any governmental entity awarded any contracts to a business or organization listed in Section 5 in the past 3 years while you were a principal owner or officer? NO YES ____ If Yes, provide details.

NOTE: An affirmative answer is required below whether the sanction arose automatically, by operation of law, or as a result of any action taken by a government agency.

Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

7. In the past (5) years, have you and/or any affiliated businesses or not-for-profit organizations listed in Section 5 in which you have been a principal owner or officer:

- a. Been debarred by any government agency from entering into contracts with that agency?
NO ☒ YES ____ If Yes, provide details for each such instance.
- b. Been declared in default and/or terminated for cause on any contract, and/or had any contracts cancelled for cause? NO ☒ YES ____ If Yes, provide details for each such instance.
- c. Been denied the award of a contract and/or the opportunity to bid on a contract, including, but not limited to, failure to meet pre-qualification standards? NO ☒ YES ____ If Yes, provide details for each such instance.
- d. Been suspended by any government agency from entering into any contract with it; and/or is any action pending that could formally debar or otherwise affect such business's ability to bid or propose on contract? NO ☒ YES ____ If Yes, provide details for each such instance.

8. Have any of the businesses or organizations listed in response to Question 5 filed a bankruptcy petition and/or been the subject of involuntary bankruptcy proceedings during the past 7 years, and/or for any portion of the last 7 year period, been in a state of bankruptcy as a result of bankruptcy proceedings initiated more than 7 years ago and/or is any such business now the subject of any pending bankruptcy proceedings, whenever initiated? If 'Yes', provide details for each such instance. (Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.)

- a) Is there any felony charge pending against you? NO ☒ YES ____ If Yes, provide details for each such charge.
- b) Is there any misdemeanor charge pending against you? NO ☒ YES ____ If Yes, provide details for each such charge.
- c) Is there any administrative charge pending against you? NO ☒ YES ____ If Yes, provide details for each such charge.
- d) In the past 10 years, have you been convicted, after trial or by plea, of any felony, or of any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business? NO ☒ YES ____ If Yes, provide details for each such conviction.
- e) In the past 5 years, have you been convicted, after trial or by plea, of a misdemeanor? NO ☒ YES ____ If Yes, provide details for each such conviction.
- f) In the past 5 years, have you been found in violation of any administrative or statutory charges? NO ☒ YES ____ If Yes, provide details for each such occurrence.

9. In addition to the information provided in response to the previous questions, in the past 5 years, have you been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency and/or the subject of an investigation where such investigation was related to activities performed at, for, or on behalf of the submitting business entity and/or an affiliated business listed in response to Question 5? NO ☒ YES ____ If Yes, provide details for each such investigation.
10. In addition to the information provided, in the past 5 years has any business or organization listed in response to Question 5, been the subject of a criminal investigation and/or a civil anti-trust investigation and/or any other type of investigation by any government agency, including but not limited to federal, state, and local regulatory agencies while you were a principal owner or officer? NO ☒ YES ____ If Yes; provide details for each such investigation.
11. In the past 5 years, have you or this business, or any other affiliated business listed in response to Question 5 had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held? NO ☒ YES ____ If Yes; provide details for each such instance.
12. For the past 5 tax years, have you failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges? NO ☒ YES ____ If Yes, provide details for each such year.

CERTIFICATION

A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID/PROPOSAL OR FUTURE BIDS/PROPOSALS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

I, Scott A. Bassett, being duly sworn, state that I have read and understand all the items contained in the foregoing pages of this questionnaire and the following pages of attachments; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this questionnaire and before the execution of the contract; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this questionnaire as additional inducement to enter into a contract with the submitting business entity.

Sworn to before me this 29th day of February 2016

Vernice C. Wallace
Notary Public

RSM US LLC
Name of submitting business

Scott A Bassett
Print name

Scott A Bassett
Signature

Partner
Title

2 12 9 1 14
Date

Business History Form

In addition to the submission of bids/proposals, as applicable, each bidder/proposer shall complete and submit this questionnaire. The questionnaire shall be filled out by the owner of a sole proprietorship or by an authorized representative of the firm, corporation or partnership submitting the bid/proposal.

NOTE: All questions require a response, even if response is "none" or "not-applicable." No blanks.

(USE ADDITIONAL SHEETS IF NECESSARY TO FULLY ANSWER THE FOLLOWING QUESTIONS).

Date: 2-29-2016

1) Bidder's/Proposer's Legal Name: RSM US LLP

2) Address of Place of Business: 1185 Avenue of the Americas, New York, NY 10036

List all other business addresses used within last five years:

Address of the principal place of business is: One South Wacker Drive, Suite 800, Chicago, IL 60606

3) Mailing Address (if different): _____

Phone : 212-372-1000

Does the business own or rent its facilities? Rent

4) Dun and Bradstreet number: 07-348-2424

5) Federal I.D. Number: 42-0714325

6) The bidder/proposer is a (check one): ☐ Sole Proprietorship ☐ Partnership ☐ Corporation ☒ Other (Describe) LLP

7) Does this business share office space, staff, or equipment expenses with any other business?
Yes ☐ No ☒ If Yes, please provide details: _____

8) Does this business control one or more other businesses? Yes ☐ No ☒ If Yes, please provide details: _____

9) Does this business have one or more affiliates, and/or is it a subsidiary of, or controlled by, any other business? Yes ☐ No ☒ If Yes, provide details: _____

10) Has the bidder/proposer ever had a bond or surety cancelled or forfeited, or a contract with Nassau County or any other government entity terminated? Yes ☐ No ☒ If Yes, state the name of bonding agency, (if a bond), date, amount of bond and reason for such cancellation or forfeiture: or details regarding the termination (if a contract). _____

11) Has the bidder/proposer, during the past seven years, been declared bankrupt? Yes ____ No X
If Yes, state date, court jurisdiction, amount of liabilities and amount of assets _____

12) In the past five years, has this business and/or any of its owners and/or officers and/or any affiliated business, been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency? And/or, in the past 5 years, have any owner and/or officer of any affiliated business been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency, where such investigation was related to activities performed at, for, or on behalf of an affiliated business. Yes ____ No X If Yes, provide details for each such investigation. _____

13) In the past 5 years, has this business and/or any of its owners and/or officers and/or any affiliated business been the subject of an investigation by any government agency, including but not limited to federal, state and local regulatory agencies? And/or, in the past 5 years, has any owner and/or officer of an affiliated business been the subject of an investigation by any government agency, including but not limited to federal, state and local regulatory agencies, for matters pertaining to that individual's position at or relationship to an affiliated business. Yes ____ No X If Yes, provide details for each such investigation. _____

14) Has any current or former director, owner or officer or managerial employee of this business had, either before or during such person's employment, or since such employment if the charges pertained to events that allegedly occurred during the time of employment by the submitting business, and allegedly related to the conduct of that business:

a) Any felony charge pending? No X Yes ____ If Yes, provide details for each such charge. _____

b) Any misdemeanor charge pending? No X Yes ____ If Yes, provide details for each such charge. _____

c) In the past 10 years, you been convicted, after trial or by plea, of any felony and/or any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business? No X Yes ____ If Yes, provide details for each such conviction _____

d) In the past 5 years, been convicted, after trial or by plea, of a misdemeanor? No X Yes ____ If Yes, provide details for each such conviction. _____

e) In the past 5 years, been found in violation of any administrative, statutory, or regulatory provisions? No X Yes ____ If Yes, provide details for each such

occurrence. _____

15) In the past (5) years, has this business or any of its owners or officers, or any other affiliated business had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held? No X Yes ____; If Yes, provide details for each such instance. _____

16) For the past (5) tax years, has this business failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges? No X Yes ____ If Yes, provide details for each such year. Provide a detailed response to all questions checked 'YES'. If you need more space, photocopy the appropriate page and attach it to the questionnaire. _____

Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

17) Conflict of Interest:

a) Please disclose any conflicts of interest as outlined below. **NOTE: If no conflicts exist, please expressly state "No conflict exists."**

(i) Any material financial relationships that your firm or any firm employee has that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County. No conflicts exist

(ii) Any family relationship that any employee of your firm has with any County public servant that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County. No conflicts exist.

(iii) Any other matter that your firm believes may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County. _____
No conflicts exist.

b) Please describe procedures your firm has, or would adopt, to assure the County that a conflict of interest would not exist for your firm in the future. _____

All RSM partners and employees are provided access to our policies and procedures relating to independence and conflicts of interest—and are educated about prohibited nonaudit services, including consulting services. We obtain annual written acknowledgment regarding their understanding of these policies. Our professionals have access to our National Office of Risk Management when questions arise with regard to a particular service.

Should a potential conflict become known, we will discuss promptly with the County.

Please see attached proposal.

BHF (02/2016)

- A. Include a resume or detailed description of the bidder's/proposer's professional qualifications, demonstrating extensive experience in your profession. Any prior similar experiences, and the results of these experiences, must be identified.

Should the bidder/proposer be other than an individual, the bid/proposal **MUST** include:

- i) Date of formation;
- ii) Name, addresses, and position of all persons having a financial interest in the company, including shareholders, members, general or limited partner;
- iii) Name, address and position of all officers and directors of the company;
- iv) State of incorporation (if applicable);
- v) The number of employees in the firm;
- vi) Annual revenue of firm;
- vii) Summary of relevant accomplishments
- viii) Copies of all state and local licenses and permits.

- B. Indicate number of years in business.

- C. Provide any other information which would be appropriate and helpful in determining the bidder's/proposer's capacity and reliability to perform these services.

- D. Provide names and addresses for no fewer than three references for whom the bidder/proposer has provided similar services or who are qualified to evaluate the bidder's/proposer's capability to perform this work.

Company _____

Contact Person _____

Address _____

City/State _____

Telephone _____

Fax # _____

E-Mail Address _____

Please see attached proposal.

BHF (02/2016)

Company _____

Contact Person _____

Address _____

City/State _____

Telephone _____

Fax # _____

E-Mail Address _____

Company _____

Contact Person _____

Address _____

City/State _____

Telephone _____

Fax # _____

E-Mail Address _____

- E. Please provide any other information which would be appropriate and helpful in determining the bidder's/proposer's capacity and reliability to perform these services.

A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID/PROPOSAL OR FUTURE BIDS/PROPOSALS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

I, Scott A. Bassett, being duly sworn, state that I have read and understand all the items contained in the foregoing pages of this questionnaire and the following pages of attachments; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this questionnaire and before the execution of the contract; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this questionnaire as additional inducement to enter into a contract with the submitting business entity.

Sworn to before me this 29th day of February 2014

Vernice C. Wallace
Notary Public

Name of submitting business: RSM US LLP

By: Scott A Bassett Print

Scott A Bassett
Signature

Partner
Title

2 10 2 1 14 Date



Experience the power of
being understood.SM

Proposal to provide Financial
Statement and Single Audits for

Nassau County

McGladrey LLP
March 14, 2014



McGladrey LLP

1185 Avenue of the Americas
New York, NY 10036-2602
O 212.372.1000 F 212.372.1001
www.mcgladrey.com

March 14, 2014

Christopher Leimone
Office of the Nassau County Comptroller
240 Old Country Road, Suite 210
Mineola, New York 11501

Dear Mr. Leimone and Selection Committee Members:

McGladrey LLP ("McGladrey") is pleased to present our proposal to provide annual audit services to the Nassau County (the "County") in response to your request for proposal (RFP) # CO0107-1402 for the years ending December 31, 2014 through December 31, 2016 with the option of two subsequent year renewals.

Our proposal will demonstrate that, (1) we understand your business, along with the related auditing and business risks, and (2) that the McGladrey engagement team is uniquely qualified to serve large complex public sector entities similar to yours. Our experience in serving various significant entities throughout the country makes us a leader in the public sector arena.

Our Executive Summary addresses McGladrey's compliance with your minimum requirements.

McGladrey commits to provide the requested audit services to the County at the price and schedule indicated in our separately rendered Cost Proposal. We acknowledge receipt of Amendments Nos. 1, 2 and 3 to the RFP. Our Proposal represents a firm offer for 180 days and is subject to our successful client acceptance process.

Please contact Pat at 312.634.3981 or patrick.hagan@mcgladrey.com, or Bob at 212.372.1033 or robert.rooney@mcgladrey.com with any questions about McGladrey's proposal, or to schedule an oral presentation.

McGladrey is the best and strongest firm to serve the County given our dedication to the public sector industry, the experience and credentials of our team members, and our firm's commitment to excellence. We would be honored – as a nationally recognized firm and a leading New York business – to work with Nassau County. We look forward to your favorable response.

Very truly yours,

McGladrey LLP

Pat Hagan
Client Service Partner
(312) 634-3981
patrick.hagan@mcgladrey.com

Robert G. Rooney
Engagement Director
(212) 372-1033
robert.rooney@mcgladrey.com

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Executive Summary

This proposal is a response to Request for Proposals (RFP), No. CO0107-1402, issued by the Nassau County Comptroller ("Comptroller"), on behalf of Nassau County (the "County") to provide Financial Statement and Single Audits for each of the fiscal years ending December 31, 2014 through December 31, 2016, with the option for two subsequent one-year renewals. We have carefully considered the information provided in the RFP and we are confident that McGladrey LLP ("McGladrey") possesses the right credentials to serve as your business advisor.

Understanding the Needs of Nassau County

Nassau County is comprised of two cities, three towns, 64 incorporated villages, and more than 60 unincorporated hamlets. It has a population of approximately 1.4 million people and an annual operating budget of approximately \$2.8 billion.

Numerous County governments throughout the country are faced with financial challenges. Nassau County can attest to that. The County is emerging from the recession's fiscal strain after cutting spending, drawing upon reserve funds and reducing its workforce. Many factors contribute to the budgetary and financial operations the County must deal with annually. Expenses that dramatically impact the County's financial operations consist of:

- Tax Certiorari Expenses— Annual property tax refunds required resulting from property assessment reductions due to tax appeals that necessitate increases in operating costs and the issuance of long-term debt.
- Superstorm Sandy – Eligibility of costs to be reimbursed by FEMA.
- Increases in mandated costs such as Social Services, Health, Mental Health and Senior Citizens.
- Labor negotiations – Uncertain status of current wage freezes which may require additional costs when expired in addition to possible costs resulting from litigation with bargaining units.
- Health Benefits Reform – Possible increase in Medicaid costs.

As a result of these challenges, the County must make difficult decisions to maintain services yet control costs. It becomes extremely important that the County's external auditor bring a new, independent and transparent perspective, understand the unique public sector environment, and work collaboratively with management and the Legislature to successfully complete the audit process. McGladrey is that firm.

Our contact information, members of our leadership team and responses to your minimum requirements are as follows:

Vendor and Contact Information

Name	McGladrey LLP
Contact	Robert G. Rooney, Director
Address	1185 Avenue of the Americas New York, NY 10036*
Email address	Robert.rooney@mcgladrey.com
Telephone number	212.372.1033

* This is the address from which services will be provided

McGladrey is a limited liability partnership with over 600 partners. The names and email addresses of the top partners in our New York City office are as follows:

McGladrey Leadership Partners

Don Lipari

Don.lipari@mcgladrey.com

Stuart Taub

Stuart.taub@mcgladrey.com

Ian Benjamin

Ian.benjamin@mcgladrey.com

Jeffrey Yager

Jeffrey.yager@mcgladrey.com

Paul Guirovich

Paul.guioovich@mcgladrey.com

Joseph Ricchezza

Joseph.ricchezza@mcgladrey.com

Richard Nichols

Richard.nichols@mcgladrey.com

Michael Grossman

Michael.j.grossman@mcgladrey.com

We can affirm that neither McGladrey nor any individual assigned to provide the services to the County has any conflicts of interest with the County. We do not currently perform any other work for the County, Nassau County Interim Finance Authority ("NIFA"), Nassau Community College, or any other entity related to the County, including but not limited to, the Nassau County Deferred Compensation Board, and the other component units identified in the County's most recently issued CAFR.

We confirm that we meet the minimum qualifications described in your RFP:

Requirement: *The firm has at least ten (10) years' experience in auditing financial statements for government entities with senior members of the engagement team having at least five (5) years' experience in auditing financial statements of governmental entities.*

McGladrey was founded in 1926 and has been providing services to government entities for more than 10 years.

Bob Rooney, your engagement director, has nearly 40 years of experience in serving governmental entities throughout the Tri-state area. He was responsible for audit services provided to the County from 1998 to 2009 with his previous firm prior to joining McGladrey. During that tenure, he also served NIFA, Nassau Community College, Nassau County Tobacco Settlement Corp. and Nassau County Sewer and Storm Water Finance Authority. Bob also has experience in providing audit services to other significant governmental entities such as the City of New York's Department of Education and Retirement Plans from 2002 to 2010 and various entities of the Metropolitan Transportation Authority (MTA) from 1998 to 2009.

Pat Hagan is McGladrey's National Managing Partner for State and Local Government and will serve as an Industry resource for the audit team. He has been the Lead Partner and Audit Partner on major government audits, including Cook County, the City of Chicago, City Colleges and Chicago Public Schools.

Scott Bassett, audit partner and leader for our Government Practice in the Northeast, will serve as the technical advisor. He will work closely with Bob to address any technical issues that may arise during the course of the audit.

Dan Bonnette is a firm-designated public sector and higher education specialist with more than 23 years of experience. He will have responsibility for the Single Audit. Formally with a Big 4 Firm, Dan was a leader on the Commonwealth of Massachusetts audit engagement where he was directly involved with managing the Single Audit.

Jen Katz, your engagement manager, has more than nine years of dedicated public sector audit experience. Formerly with a Big 4 Firm, she was a manager on the audits of The Port Authority of New York and New Jersey, New York City Retirement Plans, and the MTA.

Requirement: *Multiple engagements for a large government client (defined as one which had an annual revenue budget of over one billion dollars).*

McGladrey's governmental audit practice is significant. We serve over 1,600 public sector clients nationally. McGladrey's public sector practice is approximately 17 percent of our total Audit & Accounting Services nationally.

We are confident that we could serve a government the size of the County. The depth and breadth of our audit practice enables us to maintain a large complement of trained and experienced staff personnel. We work with all types of local governmental agencies, including counties, cities, school districts, special purpose authorities, airports, transit agencies and public employee retirement systems. We also serve a variety of state agencies, including departments of commerce, corrections, labor, tollway and pensions.

Our government audit clients' budgets range in size from \$150 million to over \$5.0 billion and have assets in excess of \$30 billion.

Examples of the entities we have served similar to Nassau County are as follows:

- **Cook County, Illinois:** Cook County was created in 1831 and today is the second largest county in the U.S., with a population of 5.2 million citizens, over 946 square miles, encompassing 133 municipalities. For the fiscal year ended November 30, 2012, Cook County had revenues of approximately \$2.8 billion. The scope of the engagement includes the audit of Cook County's financial statements to be included in the Comprehensive Annual Financial Report ("CAFR"), Cook County's Single Audit, audits of the financial statements of Cook County Health and Hospitals System, Clerk of the Circuit Court, and Treasurer's Office, and the issuance of other special reports. We have served Cook County since 2011.

- **Miami-Dade County, Florida:** Miami-Dade County ("Miami-Dade") has a population of 2.6 million citizens over 1,900 square miles. For the fiscal year ended September 30, 2012, Miami-Dade had revenues of approximately \$7.1 billion. The scope of the engagement is the audit of the financial statements to be included in the CAFR and the Single Audit. We are in the third year of our contract.

- **Chicago Public Schools:** For over eight years we have audited the Chicago Public Schools (CPS) which is governed by a seven-member Board of Education appointed by the Mayor of the City of Chicago. In fiscal year 2012, CPS operated 683 schools, including charters and schools with multiple sites. CPS has neighborhood schools, alternative schools, citywide schools, military schools, performance schools, selective enrollment schools, small schools, special education schools, vocational schools, charter schools and contract schools. Student enrollment as of September 2012 was approximately 404,000. CPS employs approximately 41,000 workers, including approximately 22,000 teaching positions with an annual operating budget of \$5.11 billion in FY2012.

- **Broward County, Florida:** Broward County ("Broward") has a population of 1.85 million citizens over 1,320 square miles. Broward has an adopted budget of \$4.1 billion for the fiscal year ending September 30, 2014, which includes tax supported and non-tax supported funds. The County provides public safety, human services, transit, registry, court and other services. The scope of our engagement includes the CAFR, Single Audit and compliance with laws and regulations, and special purpose reports.

Other clients include:

- Cities and Counties -Miami, FL; Burbank, CA; New Haven, CT; Riverside County, CA; Palm Beach County, FL and Prince William County, VA.
- School Districts –Miami-Dade County Schools
- Public Employee Retirement Systems – OH State Employees, IL Teachers
- Special Purpose Authorities – Jacksonville, FL International Airport; Riverside, CA Transportation Authority; Port of Tacoma, WA; and Neuse Water and Sewer Authority; NC.
- Housing Authorities – Boston Housing Authority; Housing Authority of Cook County, IL.
- State Agencies – California Energy Commission; Illinois Department of Transportation and Toll Highway Authority; Iowa Dept. of Economic Development; Florida Dept. of Children and Families

Our experience in serving large public sector entities provides us with a deep understanding of the unique magnitude, operations and financial complexities of large governments similar to the County.

Requirement: *Senior members of the engagement team have the requisite continuing professional education ("CPE") credits for auditors under GAGAS.*

We confirm that all senior members of the engagement team have the requisite CPE credits for auditors under GAGAS. Copies of CPE reports can be provided upon request.

Each of our professionals must receive a minimum of at least 40 hours of CPE annually, which exceeds the requirements of the AICPA. Focused training in specialized areas is also emphasized. All participants in the County's engagement meet the required continuing professional education requirements of auditing standards generally accepted in the United States as defined by the American Institute of Certified Public Accountants and as described in *Government Auditing Standards* issued by the U.S. Government Accountability Office (GAO).

Requirement: *At least one office located in the metropolitan New York area.*

Our New York City office is located at 1185 Avenue of the Americas, New York, NY 10036

Organizational Overview

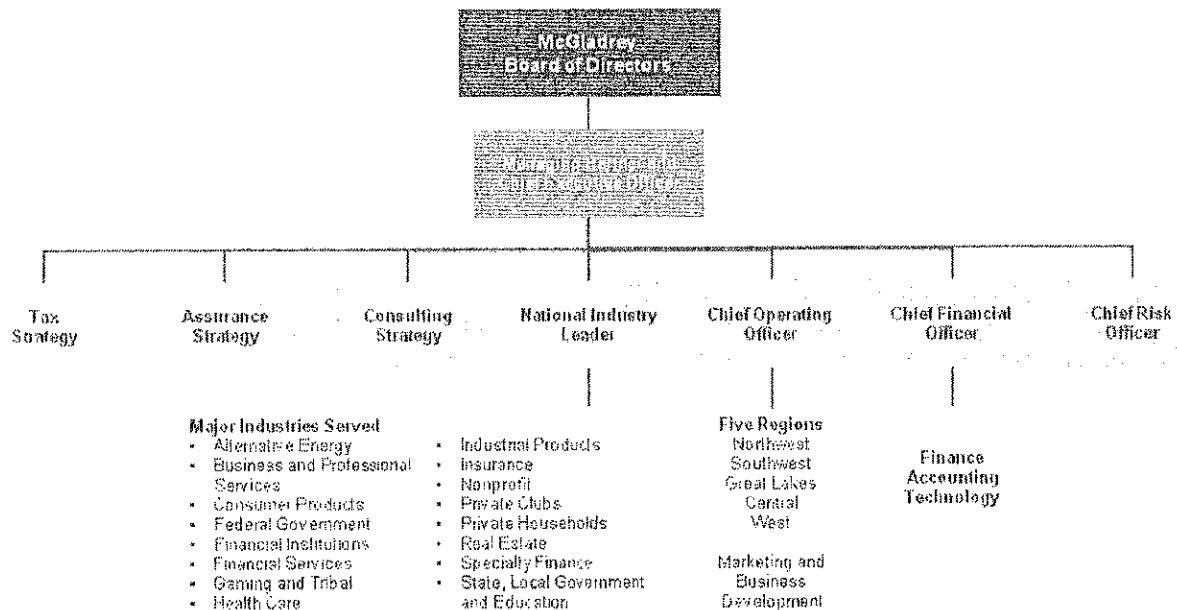
Firm structure

McGladrey LLP is an independent public accounting firm that was founded in 1926 and is owned and managed by its partners. "McGladrey" is the brand under which we serve our clients' business needs. McGladrey is a national firm, with an 87 year history. We are the fifth largest firm in the U.S. and we are the fifth largest firm in the Northeast region. For the most recent fiscal year ended April 30, 2013, McGladrey reported combined U.S. pro forma revenue of \$1.4 billion, which is also the average of our last three years of combined U.S. pro forma revenue. The partnership is very well capitalized.

McGladrey is a licensed CPA firm and is a member of RSM, the seventh largest global network of independent accounting, tax and consulting firms.

Firm organization chart

McGladrey is a CPA-owned limited liability partnership. The McGladrey partnership is governed by a board of directors, which is composed of partners and principals who have been elected by written ballot. McGladrey is led by Managing Partner and Chief Executive Officer Joe Adams, who reports to the board of directors.



Brief history

McGladrey LLP traces its history to 1926 when Ira B. McGladrey started his own accounting firm in Cedar Rapids, Iowa. George Hansen and Keith Dunn were admitted as partners in 1937, and by 1966 the firm had 29 offices in eight states. McGladrey, Hansen, Dunn & Company merged with Broeker Hendrickson & Co. in 1978 and with A.M. Pullen and Company in 1984.

In the summer of 1999, McGladrey & Pullen sold its nonattest assets and business to H&R Block, Inc. RSM McGladrey, Inc. was established as an indirect, wholly owned subsidiary of the Block organization. McGladrey & Pullen continued as a separate entity offering audit and attest services.

On December 1, 2011, McGladrey & Pullen acquired RSM McGladrey from H&R Block reuniting the assurance, tax and consulting practices under an integrated McGladrey & Pullen limited liability partnership structure. In 2012 McGladrey & Pullen changed its name to McGladrey LLP.

McGladrey's local service model and national strength

McGladrey is the fifth largest accounting and consulting firm in the U.S. (*Accounting Today's 2013 Report*). McGladrey has over 6,700 professionals in more than 75 offices in 25 states nationwide. We have approximately 1,550 professional staff and partners in our offices in the Northeast Region. This capacity allows us to quickly mobilize industry and specialized staff, ensuring that the County will receive the highest level of quality service.

While we are a large national firm, McGladrey remains committed to personal and timely service. County management will see our partners frequently. Our partners will be actively involved in planning the audits, resolving audit issues, and communicating with you. We will personally lead key meetings with management and members of the Audit Advisory Committee.

Office location

The requested services will be performed by our New York City office, located within our Northeast region of the United States. Our Northeast region is comprised of eight offices, making us one of the largest audit, tax and business consulting service providers in the area. Combined, our offices consist of approximately 1,550 personnel across the audit, tax and business consulting disciplines, of which 131 are partners/principals. The resources of each respective office are available to meet the needs of any client served by another office within the practice group. We are licensed in the State of New York to provide audit services.

Currently, our Northeast region provides audit, tax and consulting services to approximately 900 government, educational, and not-for-profit organizations. It is our obligation to share with you the knowledge we gain in working with your peer institutions and from our formalized industry training, so that you can improve your processes and operate more efficiently.

McGladrey mission and values

McGladrey is committed to being the first-choice adviser to the County. Our core values—respect, integrity, teamwork, excellence and stewardship—are the foundation of how we interact with clients and each other.

Client Service Philosophy

At McGladrey, it's all about understanding our clients

- *Their business,*
- *Their aspirations,*
- *Their challenges.*

Once we understand, we bring fresh insights and tailored expertise to help them succeed.

Financial strength

As a limited liability partnership, McGladrey LLP has no requirement to prepare financial statements for external release. We affirm, however, that McGladrey has the capacity—both in size and financial strength—to serve the County, as illustrated by the following:

- Founded in 1926, today McGladrey is the fifth largest accounting and consulting firm in the U.S., as ranked in Accounting Today's 2013 Top 100 Report
- For the most recent fiscal year ended April 30, 2013, McGladrey reported revenue of \$1.367 billion. The average of our last three years of combined pro forma revenue was \$1.310 billion
- McGladrey has over 6,700 people in more than 75 cities nationwide
- McGladrey is a member of the seventh largest international network of independent firms, RSM International, which has more than 32,000 people globally

We are prepared to provide additional documentation of our financial strength upon request.

McGladrey service offerings

McGladrey is a full-service audit, tax and consulting firm. Our practice and revenues are derived from audit (43%); tax (36%) and consulting (21%) services. We will draw from subject matter experts (SME) in all areas of our practice to support the audit process in complex or emerging areas. The County will have access to these SMEs as the need arises.

Our service offerings are as follows:

Risk Advisory Consulting	Financial Advisory Consulting	Technology Services	Audit Services
<ul style="list-style-type: none">• Internal Audit• Construction Oversight• Contract Compliance• Security and Privacy Services• Enterprise Risk Management	<ul style="list-style-type: none">• Performance Improvement• Finance Operations and Controls• Anti-Fraud Consulting• Project Management• Litigation & Dispute• Budget & Modeling	<ul style="list-style-type: none">• IT Strategy• Network Infrastructure• Security Architecture• Business Continuity• Program Mgmt• ERP Selection, Controls and IV&V	<ul style="list-style-type: none">• GAO Performance Audits• Federal Funds Compliance• IT Security• SOC 1 (SAS 70)• External Audit• Tax Compliance

Government is a priority industry for McGladrey

Industry and sector specialization

McGladrey practices by industry segment. Our firm specializes in serving government entities, educational institutions, health care providers, not-for-profit entities, manufacturers and closely held businesses. We have worked with clients in these sectors since our founding in 1926.

The following illustrates the number of McGladrey clients in each primary sector:

Industry	Number of Clients
Industrial Products	3,316
Financial Services	3,156
Consumer Products	3,301
Business and Professional Services	3,018
Real Estate	2,544
Financial Institutions	1,335
Health Care	1,242
Not-For-Profit	1,565
State, Local Government and Education	726
Insurance	410
Specialty Finance	261
Other	479
Total	21,353*

*This number excludes Individual / Private Household Clients

Some key points about our firm and practice:

- Government clients are strategic and instrumental to McGladrey
- We have dedicated staff practitioners in the government segment
- Government is not a part-time or small practice within McGladrey
- We have more government clients than most regional accounting firms

Governmental practice

Government is a top five strategic industry for McGladrey. We have developed a specialized industry group serving these clients. McGladrey's government practice includes over 120 partners or directors and hundreds of professionals at various levels of expertise.

As a national firm, we have dedicated resources to monitor industry developments. This network of resources communicates regularly with local practice offices on important accounting, regulatory, tax, or other matters to share knowledge and provide our point of view to the County.

While our size and available resources are important, McGladrey also realizes that the County must be served by a team of professionals that knows and understands your business and operations. The primary goal of the national practice is to build a team with specialization in the government niche so we can create higher value for our clients.

GFOA Experience

Members of the engagement team have assisted counties, cities, towns, and other local government organizations prepare reports that have received the GFOA's Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation Award. Nationally, our professionals have served major city, county and public-agency clients such as:

Government and Education Professionals Northeast Region				
	Audit	Tax	Consulting	Total
Partners and Directors	14	5	7	26
Managers	12	5	10	27
Seniors and Staff	57	9	25	91
Total	83	19	42	144

• Miami-Dade County, FL	• Hennepin County, MN	• County of Northampton, PA
• Palm Beach County, FL*	• Nassau County, NY* (1)	• County of Northumberland, PA
• Cook County, IL	• Olmsted County, NY*	• Chicago Public Schools
• Polk County, FL*	• Suffolk County, NY* (1)	• Morris County, NJ (1)
• Orange County, FL*	• Wyoming County, NY	• City of Trenton, NJ (1)
• Brevard County, FL*	• Carteret County, NC	• City of East Orange, NJ (1)
• Glades County, FL	• Craven County, NC*	• Port Authority of New York and New Jersey * (1)
• County of Riverside, CA*	• New Hanover County, NC*	• Frederick County, MD*
• Harris County, TX*	• Orange County, NC	• County of Prince William, VA*

**Clients that have received GFOA's Certificate of Achievement for Excellence in Financial Reporting. (1) Not a McGladrey client, but represents engagements served by proposed team members during their previous employment with another accounting firm.*

Single audit experience

A substantial number of our public sector clients receive federal funds and require a single audit in accordance with OMB Circular A-133. Our team of professionals possesses comprehensive knowledge of accounting requirements, federal procurement regulations and cost-accounting standards and their impact on non-profits organizations.

As a firm, we have performed hundreds of single audits and have received extensive training in governmental accounting, auditing and financial reporting. In addition, they receive specialized training on the compliance requirements of OMB Circular A-133 and the use of the related compliance supplements.

The engagement team brings in-depth knowledge of OMB Circular A-133, federal acquisition regulations and OMB Circular A-122, as interpreted by government auditors, positioning them to assist you in areas such as the following:

- Advise on allowable costs
- Interface and mediate with pertinent agencies in each step of an award process
- Defend your organization from allegations by audit agencies with regard to compensation, allowable costs and allocation, and timekeeping policies
- Review allocation of fringe expenses
- Review allocation of expenses among fringe, G & A, and overhead expense pools and the propriety of the bases over which they are allocated
- Compare proposed rates with actual rates and analyze variances
- Recommend the best presentation and timing of indirect rate structure revisions
- Prepare impact analysis of rate changes based on existing and projected contract revenue
- Perform proactive government audit risk assessments, including evaluation of compensation, uncompensated overtime, timekeeping practices, capitalization and expense policies, and other issues as necessary

We will deliver more than just an interpretation of the rules and regulations as they exist. Our professionals will give the County insight into how the federal government operates, removing the burden of having to train staff in the intricacies of government grant accounting, tax and federal regulations.

Qualifications of the Firm

At McGladrey, we adhere to an important philosophy in providing services to our clients. A partner/director of the firm assumes the responsibility for close personal supervision and active direction of all services provided to the client. Managers and support staff have the appropriate expertise to perform and coordinate the detailed work. We undertake only those engagements for which we can provide useful and valuable services, and we do not hesitate to use the entire experience of the firm and RSM International in solving client problems. McGladrey offers your organization:

Commitment. We want to have a long-term relationship with the County and every member of your engagement team will work hard to earn your trust. You will receive the commitment and personal attention that most firms reserve for their largest clients, and we can assure you that you will be an important client to us.

Accounting industry leadership. Nationally and locally, we have representatives participating in almost all key regulatory and oversight bodies. One of the key benefits for our clients is access to the people who are intimately involved in influencing the direction and interpretation of issues affecting your industry.

Timing and approach. McGladrey's approach builds on an efficient environment in delivering our services and the final work products. We focus on advance engagement planning and frequent and direct communication with you during all phases of the engagement. This allows us to agree on expectations, quickly identify and address significant issues, eliminate surprises, and deliver the finished product on time. We believe in working together to create a collaborative environment to bring substantial value to our relationship with you in many ways.

Local, responsive and timely service. Our local presence and depth of services in Tristate and across the nation has a long-standing history. We can respond quickly to your requests for our presence, and you will regularly receive the attention of senior members of our team. Responsiveness is a key component of our client service philosophy.

An experienced team. We understand the value of consistency within the service teams that work with each of our clients. Your engagement team will be led by our Government Industry leaders both regionally and nationally. A large number of our staff members work primarily with public sector clients. They understand your issues, and have significant experience to draw on.

Pat Hagan, Partner and leader of the firm's National State and Local Government Industry with over 30 years of experience in serving Public Sector entities, will ensure that your engagement team exceeds your expectations in providing accounting and auditing services to the County. He will be actively involved in coordinating our services and the timely rendition of all reports.

Bob Rooney, Engagement Director, will bring his 40 years of experience to the engagement. Having worked for Deloitte for over 35 years, Bob specialized in serving Public Sector, Not-for-Profit and Higher Education entities. His 12 years of experience in serving the County will be invaluable to providing a smooth transition to McGladrey.

Dan Bonnette, Engagement Director, single audit, is a firm-designated public sector specialist with more than 23 years of experience. Dan has served many large governmental engagements while previously employed by a Big 4 Firm including the Commonwealth of Massachusetts, the Seminole Tribe of Florida, the Mashantucket Pequot Tribe, Boston Housing Authority, Massachusetts Water Resources Authority and Massachusetts Technology Collaborative, among others.

Scott Bassett, our Technical Review Partner, will be available to provide guidance on all accounting and reporting matters, especially the implementation of new accounting pronouncements. Scott has over 25 years of experience in the audits of governmental and not-for-profit organizations. He currently serves our significant governmental entities in the state of Connecticut.

Jen Katz, Assurance Manager, with over 9 years of experience serving significant governmental entities, will oversee the day-to-day work on the audit and supervise the professional staff. Jen's experience in serving large governmental entities, such as The City of New York, will be a great asset to coordinating our services to the County. She will also provide guidance on the implementation of new accounting standard and technical research issues.

Quality control procedures

McGladrey has a system of quality control for our assurance practice that is structured to provide reasonable assurance that our personnel comply with applicable professional standards and applicable regulatory and legal requirements, and that our firm issues reports that are appropriate in the circumstances. The policies and procedures designed to implement the system include the following elements:

- Leadership responsibilities for quality within the firm
- Relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements

- Human resources
- Engagement performance
- Monitoring

Responsibility for the design, implementation and monitoring of McGladrey's quality control system rests with our firm's National Office of Risk Management. McGladrey develops and maintains a number of manuals and other guidance material to implement its quality control system. We monitor our quality control system through annual internal inspections. Our SEC audit practice is subject to annual inspection by the PCAOB, and our non-SEC audit practice is subject to triennial peer review.

Differentiating factors

We believe these are our differentiating factors:

- **Partner/Director attention.** You will receive more attention and time from senior personnel, including partners and directors. McGladrey partners and directors are actively involved in serving our clients and in providing hands-on training to engagement personnel. The advantage of this to you is that the partners bring their experience to the day-to-day activities of the audit, resulting in fewer surprises and more experienced input into the audit process to identify efficiencies and provide you value.
- **National Resources.** Our National Office of Audit & Accounting personnel are actively involved in various positions at the national level with respect to the accounting industry and provide guidance to the engagement teams on evolving accounting matters that affect our clients.
- **Better value.** You get the benefit of a firm with national resources, combined with the attention of a local firm.
- **Industry experience.** The government industry is a focus area for our firm, with dedicated national resources to support our practice.
- **High quality.** Our quality control assurance system is rated among the best in the accounting profession. Our external review by the PCAOB as well as peer and interoffice inspection reviews have demonstrated a consistent approach to extremely high quality audits. You can depend on the accuracy and quality of our work to help you make sound business decisions.
- **Proactive attention.** Because of our service philosophy, you will receive prompt responses to all your inquiries. Our strategy in serving our clients is to consistently make a commitment to understand your organization and its activities. The County will be a key client for our firm.
- **No surprises.** As a result of our size and focus, you will experience "hands on" service throughout the year. We will solicit management and the Audit Advisory Committee's input in advance of the engagement to incorporate such in our risk assessment process, fraud risks, business changes and the audit approach.

Because our resources are not challenged or stretched to serve large, publicly held companies, we are able to place a high priority on serving your needs. Unlike a small firm, we have extensive resources to consult when new or complex issues require the assistance of others outside our immediate engagement team.

We can assure you that we will be proactive and responsive and will care about the success of your organization.

We will demonstrate our capabilities to perform the engagement at the high level of service the County requires by providing:

- Timely service and efficiency;
- Personalized attention;
- Availability of partners and directors;
- Early planning;
- A well-trained team with strong government audit experience;
- Continuity of team members;
- Proactive culture with coordinated and open communications;
- National resources;
- Thorough quality control system;
- Advice and guidance on the implementation of current and proposed GASB Standards;
- Advice and guidance on financial and fiscal management and best practices;
- Meetings with County management and Audit Advisory Committee;
- Letter to County management and Audit Advisory Committee including comments and recommendations of a significant nature.

Reviews completed on-site

Whenever possible we complete our partner-level reviews on-site. Our goal is to "turn the lights out" when we leave your offices—a practice that promotes efficiency, as well as overall client satisfaction.

Communication regarding emerging issues

Our professionals monitor and analyze financial-reporting changes that affect the public sector industry and communicate those changes to clients through a variety of technical and advisory publications. In addition to personal contact from your engagement team, the County will have access to a variety of our technical and advisory publications.

We are committed to bringing you practical solutions that draw on industry best practices, as well as innovative ideas about accounting systems, internal controls, information technology and other critical aspects of your operations. Our team will discuss possible strategies with you, so you can make informed decisions and position your organization to save money, manage risk and become even more efficient.

Professional associations

McGladrey believes in active participation in national organizations and projects concerned with government accounting and financial issues. Our professionals can provide our clients with the most recent advice regarding reporting and compliance requirements, and more promptly resolve accounting and auditing issues. We demonstrate our commitment to public sector through our support of:

AICPA Government Audit Quality Center (GAQC) – a McGladrey partner, Brian Schebler, is the current chair of the GAQC. Brian is deeply engaged in numerous government accounting and auditing committees and has personally been involved in most significant industry topics, including the recent December 2011 revision of the GAO Yellow Book standards. Our partners have also served on the AICPA Task Force on Governmental Auditing.

Governmental Accounting Standards Board (GASB) – McGladrey regularly monitors GASB emerging issues and standards. We contribute our firm's position in response to Exposure Drafts. Pat Hagan and other partners have personal relationships and ongoing interactions with GASB staff on technical matters.

Our partners have attended GASB meetings, and our national network enables us to leverage leading practices to drive efficiency and value for the County.

Government Finance Officers Association (GFOA) – McGladrey has extensive relationships with the national GFOA in Chicago and many state chapters. Our partners regularly participate as reviewers in the GFOA's Certificate of Achievement in Financial Reporting program. We have authored articles for inclusion in the *Governmental Finance Review*, the GFOA's monthly magazine. Our partners are frequent presenters at the GFOA's annual and state conferences. Our professionals regularly attend GFOA training programs and seminars.

Firm References

Name of company	Contact information	Work performed
Cook County, IL The second largest County in the U.S., with a population of 5.2 million citizens, over 946 square miles, encompassing 133 municipalities. For the fiscal year ended November 30, 2012, the County had revenues of approximately \$2.8 billion.	Tariq Malhance Chief Financial Officer 118 N. Clark St, Room 1127 Chicago, IL 60602 tariq.malhance@cookcountyil.gov 312.603.6846	The scope of the engagement includes the audit of the County's financial statements to be included in the CAFR, the County's Single Audit, audits of the financial statements of Cook County Health and Hospitals System, Clerk of the Circuit Court, and Treasurer's Office, and the issuance of other special reports. We have served the County since 2011.
Palm Beach County, FL The largest of Florida's sixty-seven counties. The County's 2,228 square miles include 1,977 square miles of land and 251 square miles of surface water, making it one of the largest counties east of the Mississippi River. \$2.2 billion budget.	Liz Bloeser Budget and Finance Director 301 N. Olive Ave., 7th fl. West Palm Beach, FL 33401 lbloeser@pbcgov.org 561.355.4626	The scope of the engagement includes the CAFR, Single Audit and compliance with laws and regulations, and special purpose reports.
Miami-Dade County, FL Population of 2.6 million citizens over 1,900 square miles. For the fiscal year ended September 30, 2012, Miami-Dade had revenues of approximately \$7.1 billion.	Sandra Bridgeman Controller 111 NW 1 Street Miami, FL 33128 305.375.3781	The scope of the engagement is the audit of the financial statements to be included in the CAFR and the Single Audit. We are in the third year of our contract.

As a matter of policy and client confidentiality, McGladrey does not discuss names of clients or the circumstances surrounding the termination of our relationship with any individual client except as required by law or regulation. Like all other large public accounting firms, we periodically experience client turnover. Sometimes this turnover results from our internal client re-evaluation process. In other cases, we have lost clients as a result of their acquisition by nonclients or because of their preference for a change.

Technical proposal

Scope of work

As described on the following pages, McGladrey has the resources and capabilities to assist the County with your needs in the areas you have identified:

Scope of Work
Annual Financial Statements
Audit the County's basic financial statements and supplementary information included in the Comprehensive Annual Financial Report ("CAFR")
Report on the County's internal control over financial reporting as part of the CAFR and Single Audit Reports and the County's compliance with laws and regulations that may have a material effect on the general purpose financial statements (to be included with the Single Audit Reports)
Provide the County with its consent to release preliminary fiscal year results, by the third week in February of each year subsequent to the end of the fiscal year being audited, and deliver the final audit and the CAFR by June 30 of each year subsequent to the end of the fiscal year being audited
Single Audit Reports
Supplementary schedule of federal financial assistance programs and the New York State Department of Transportation mandated Schedule of State Transportation Assistance Expended
Deliver the final federal and state Single Audits no later than September 30 of each year subsequent to the end of the Single Audit's fiscal year being audited
Compliance with laws and regulations, identifying all findings of noncompliance and questioned costs
Internal control structure used in administering federal financial assistance programs
Management Letter
Provide the County with constructive service comments and recommendations for improvements. All comments will be discussed with appropriate representatives of the County and consensus reached on verbiage for inclusion in the management letter.
The Certificate of Achievement
Assist the County in its annual effort to maintain its Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("GFOA") by subjecting the CAFR and the application to a review.
Additional Services
Assist the County in researching accounting and financial reporting issues, consistent with applicable accounting rules and independence obligations
Make reasonable efforts to make certain that the County meets all statutory and other operational reporting deadlines on a timely basis
Provide all reports and other materials requested by the County electronically
Print as many copies as the County requests of reports and other materials that are prepared pursuant to the audit engagement (approximately fifty copies)
Update financial statements and reports as necessary and make them and the auditors' opinions available for inclusion in County or Nassau County Interim Finance Authority ("NIFA") official statements (or any other similar offering document) in connection with raising funds (e.g. bond or note offerings)

The audits and related work will be conducted in accordance with Generally Accepted Auditing Standards ("GAAS"), as promulgated by the American Institute of Certified Public Accountants; with Generally Accepted Government Auditing Standards ("GAGAS"), as promulgated by the United States General Accounting Office in its publication, *Government Auditing Standards*; with standards issued by the Governmental Accounting Standards Board ("GASB"); with Generally Accepted Accounting Principles ("GAAP"); with the Single Audit Act Amendments of 1996 and the provisions of United States Office of Management and Budget ("OMB") Circular A-133, *Audits of State and Local Governments*; and with other authoritative auditing guidance in effect.

Opinions rendered will indicate whether financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States. The scope of the audits will be planned to preclude the necessity for exceptions arising from scope limitations.

Client-service relationship

Our client-service relationship with the County will be based on certain nonnegotiable principles, including:

- An outstanding client service experience, focused on efficient and well-coordinated services
- Commitment to completing work within the agreed-upon time frame, assuming your preparation of requested schedules and other supporting documentation before we commence fieldwork and assuming no unforeseen technical issues
- Staffing of the engagement team based on industry-specific qualifications and technical experience
- Hands-on approach to planning, with management meetings and conference calls held routinely to discuss changes to the business, industry issues, new accounting pronouncements, etc.
- Fees that are reasonable based on the scope of work
- Transparent approach to billing with clear communication and an emphasis on avoiding surprises

Please refer to Appendix A – Audit implementation plan and project schedule, for a detailed approach and work plan, estimated work hours by task, number of work hours by staff category and a detailed implementation schedule.

Your engagement team

The following professionals have the qualifications and experience to handle your needs for this engagement and are committed to exceeding your expectations.

Team Member	Role and Value to Company	Qualifications
Pat Hagan, CPA	<i>Industry Resource.</i> Pat will work closely with Bob and the engagement team to ensure that each facet of the engagement receives the proper emphasis, and that the conclusions and recommendations reached are valid and feasible.	<ul style="list-style-type: none"> Leads McGladrey's national State and Local Government Industry practice
Robert Rooney, CPA	<i>Audit Director.</i> Bob will have responsibility for the overall quality of the audits. He will be responsible for ascertaining that professional and regulatory standards have been complied with throughout the engagement.	<ul style="list-style-type: none"> 35 years of experience leading engagement teams in serving significant governmental, educational and not for profit entities Responsible for services to the County for 12 years Has served significant public sector entities throughout New York
Daniel Bonnette, CPA	<i>Audit Director.</i> Dan will have responsibility for leading our engagement team in connection with our A-133 audit. He will work closely with Bob to ensure that our A-133 audit testing is coordinated with the main audit so as to minimize documentation requests from County personnel.	<ul style="list-style-type: none"> Over 22 years of experience serving not-for-profit, higher education and public sector organizations Firm-designated not-for-profit, higher education and public sector specialist
Scott Bassett, CPA	<i>Technical Review Partner and Regional Industry Leader.</i> Scott will serve as a consultative resource on technical reporting matters and perform an overriding quality control review of key documents.	<ul style="list-style-type: none"> Over 25 years of experience Specializes in the audits of governmental and not-for-profit organizations Involved in the planning processes, design and implementation of the audit work plan, and compliance testing for the Single Audit Concept

Team Member	Role and Value to Company	Qualifications
Jennifer Katz, CPA	<i>Audit Manager.</i> Jen will coordinate the engagement planning, fieldwork and reviews. She will approve workpapers and reports before their submission to the audit partner and ensure completion of the deliverables within the required timeframe. Jen will also coordinate the needs of the staff to ensure that all members are working effectively on all phases of the audit.	<ul style="list-style-type: none"> • More than 9 years of professional auditing experience in the governmental and not-for-profit community • Has served significant public sector entities throughout New York and New Jersey
Andy Ellsweig, CPA	<i>Internal Controls Director.</i> Andy will oversee our IT audit efforts and work closely with the financial audit team members.	<ul style="list-style-type: none"> • 25 years of experience leading IT internal audit functions for major corporations • CPA and Certified in the Governance of Enterprise IT • Manages numerous not-for-profit, benefit plans and fund manager IT audits • Extensive background in ERP systems
John Zomchick, EF, FCA	<i>Actuary.</i> John will be responsible for reviewing the County's actuarial assumptions and methodologies relating to OPEB liabilities.	<ul style="list-style-type: none"> • Over 20 years of experience consulting on employee benefit programs and is an Enrolled Actuary and a Fellow of the Conference of Consulting Actuaries (FCA)

Detailed resumes have been provided in Appendix B.

Professional development of employees

McGladrey is dedicated to providing our professionals both personal development and career advancement opportunities.

We have in place multiple programs and initiatives to enhance their knowledge and skills, including general and industry-specific continuing professional education and professional development activities. In addition, our partners are evaluated, in part, on their effectiveness in training and developing subordinates.

Each professional is responsible for ensuring his or her curriculum complies with firm and professional guidelines—with oversight provided by our regulatory compliance group.

To encourage self-development, our professionals have online access to professional standards promulgated by the Financial Accounting Standards Board, Governmental Accounting Standards Board,

the AICPA (including Auditing Standards Board pronouncements and Industry Audit Guides), U.S. Government Accountability Office and the Public Company Accounting Oversight Board.

Our manuals are revised and updated on a periodic basis and made available to all assurance services personnel through electronic databases. Each professional receives our newsletter of professional developments on a bi-weekly basis.

Professional development policies, curriculum (required and elective) and schedule are determined annually based upon strategic direction provided by the Assurance Learning Advisory Council.

McGladrey maintains written policies with respect to Equal Employment Opportunity and Affirmative Action. We set goals for specific job groups within each of our offices and monitor progress on an ongoing basis in addition to a formal review each year. While most of our offices meet or exceed these goals, management and human resources personnel take targeted hiring and retention measures, as needed, to address underrepresentation.

Equal Employment Opportunity policy

Equal Employment Opportunity has been and will continue to be a fundamental principle of our organization, where employment is based upon personal capabilities and qualifications without discrimination because of race, color, religion, sex, age, national origin, disability, pregnancy, citizenship status, veteran status, sexual orientation, marital status, genetic information or any other characteristic protected by federal, state or local law. Equal opportunity and equal consideration will be afforded to all applicants and employees in personnel actions, which include recruiting and hiring, compensation, benefits, training, promotion, transfer, termination, and all other terms and conditions of employment. Each employee is responsible for adhering to this policy, with the understanding that willful violation may result in disciplinary action. Our firm's Employee Relations department has overall responsibility for this policy and maintains reporting and monitoring procedures.

Potential problems

Resolution of accounting issues

In serving the County, we will work with you to address and resolve issues, implementation of new accounting standards, and changes in your business throughout the year—rather than waiting until year-end. A no-surprises audit is always our goal.

Accounting and financial reporting issues, when they arise, would first be addressed by your engagement team. Upon identification of the matter, your engagement team would discuss the matter with you. Once all facts are gathered and evaluated, the engagement team will once again discuss with you the open matters and the possible outcomes.

Our firm expects its professionals to seek assistance from persons possessing specialized knowledge and expertise whenever they encounter situations where they lack sufficient knowledge and experience, and in certain specific situations prescribed by our policy. McGladrey has designated subject matter experts, industry specialists, SEC compliance reviewers, and engagement quality reviewers who provide knowledge and expertise in a variety of specialized, complex and unusual areas.

Our National Professional Standards Group includes regional representatives who are dedicated to providing support to our professionals in the areas of auditing, accounting, financial reporting, and SEC reporting matters. More than 80 percent of consultations are handled at this regional level.

Audit delays

Our standard Budget & Engagement Management Form allows us to maintain progress reports detailing the hours expended by each level of personnel. Furthermore, we are able to track and report to you on the status of work in progress, anticipated completion dates for major audit segments, and any issues that may impact the completion of the audit on a timely basis. This includes tracking our prepared by client (PBC) listing so that we can proactively address any anticipated delays with you. We will hold weekly status meetings with you throughout the audit to discuss open items, delays (if any), a game plan to address such and overall status.

Turnover

We recognize the impact staffing changes have on clients and are committed to maintaining continuity and team stability as much as possible.

Our policy is to maintain the integrity of the client service team from year to year. While we cannot guarantee that every member of the service team will return each year, we provide staffing consistency whenever possible.

While turnover rates fluctuate from year to year, McGladrey's employee attrition rates have historically been low by industry standards—a trend we are strongly committed to continuing. Because excellent client service begins with engaged, knowledgeable employees, we support a variety of career development programs and initiatives that promote work-life balance, fulfilling personal lives and overall job satisfaction.

Management letters issued by McGladrey

Please refer to Appendix C for examples of such letters.

Comprehensive Annual Financial Reports

Please refer to Appendix E for three CAFRs issued by a governmental entity audited by McGladrey:

- Cook County, Illinois
- Miami-Dade County, Florida
- Southern California Regional Rail Authority

Peer review

Our non-SEC audit practice is subject to the triennial peer review requirements of the American Institute of Certified Public Accountants. As specifically required by the standards for such reviews and our membership in the AICPA Governmental Audit Quality Center (GAQC), a representative sample of the approximately 1,000 audits that are performed annually in accordance with *Government Auditing Standards*, including approximately 600 single audits, were selected for review.

McGladrey's system of quality control for the accounting and auditing practice applicable to non-SEC issuers in effect for the year ended April 30, 2013, was subject to peer review by the firm of BKD LLP, a GAQC member firm. That review included a representative sample of university, government and nonprofit engagements. Under the peer review standards, firms can receive a rating of pass, pass with deficiency (ies), or fail. McGladrey received a peer review rating of pass.

Please refer to a copy of our most recent peer review report in Appendix D.

Appendices

Appendix A—Audit implementation plan and project schedule

Audit services

Customized approach, quality results

McGladrey's audit process is designed for organizations like the County. Our methodology allows your engagement team to use professional judgment in planning an overall audit strategy.

Audit process

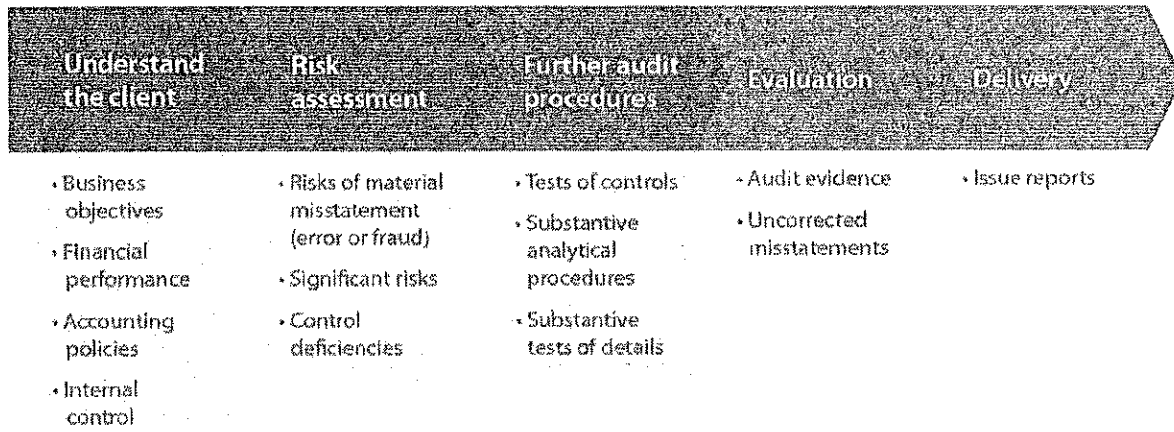
Our audit process involves the following steps:

- **Understand the client.** We learn as much as possible about your business up front in order to properly understand the account balances, classes of transactions and disclosures relevant to your activities.
- **Risk assessment.** We assess the risk that errors or fraud may cause a material misstatement of financial statements. We next decide whether the identified risks relate to specific relevant assertions related to significant account balances, classes of transactions, or disclosures, or whether they relate to the financial statements taken as a whole and potentially affect many relevant assertions. We then determine which of the identified risks of material misstatement are significant risks that require special audit consideration.
- **Further audit procedures.** We next determine the nature, timing and extent of tests of controls and substantive procedures necessary given the risks identified and the controls as we understand them. When audit evidence obtained from the audit procedures contradicts planned risk assessment procedures, we revise the assessment and plan and perform additional audit procedures to reduce risk of material misstatement related to those assertions to an acceptably low level.
- **Evaluation.** At the conclusion of the audit, we evaluate the sufficiency and appropriateness of the audit evidence obtained and whether the assessments of the risks of material misstatement at the relevant assertion level remain appropriate. We may redesign planned audit procedures based on our evaluation. We also evaluate the effects, both individually and in the aggregate, of known and likely misstatements that are not corrected by the organization. We accumulate all known and likely misstatements identified during the audit, other than those we believe to be trivial, and communicate them to management and those charged with governance on a timely basis.
- **Delivery.** We communicate with you frequently throughout the audit process to avoid surprises at the end. Our audit culminates with the issuance of a report on the financial statements and a report on internal control over financial reporting to the County Legislature and Audit Advisory Committee and, if applicable, communications of material weaknesses and significant deficiencies.

Our Audit Approach is Different

- Designed and tailored for educational, not-for-profit and government entities
- Local decision-making authority with appropriate access to national resources
- High level of partner director involvement
- Focused on learning all the facets of your organization
- Regular communication and coordination with management throughout the audit process
- Commitment to minimizing disruption for your personnel

Diagram of our audit process



No surprises

In serving the County, we will communicate with you frequently throughout the audit process, and throughout the year to address and resolve issues, the implementation of new accounting standards and changes in your organization.

Smooth transition to working with us

When we become your service provider, you will want the transition from your prior firm to be smooth and orderly—resulting in as little distraction as possible. Any change of this nature will result in some disruption; however, with our extensive experience in succeeding other accounting firms, the disruption is minimized. Our process for transitioning clients from their prior auditors to our services emphasizes early planning with heavy involvement of partners, directors and managers. Bob Rooney's 12 years of experience in providing auditing services to the County and related entities will ensure a smooth transition and minimal disruption.

Proactive resolution of accounting issues

The County's accounting issues can be just as complex as those of a Fortune 500 company. We recognize this, so we encourage clients to call us to discuss new transactions as they arise. We find that year-round communication and a proactive approach to accounting issues helps clients avoid surprises at the end of the audit process.

Use of audit technology

Computerized audit tools we use are summarized below:

CaseWare. McGladrey uses an audit automation tool that streamlines audit work. Use of this software reduces first-year work for your accounting staff and allows for a more efficient audit effort. In an automated audit engagement, workpapers are created and stored in electronic files. Audit program sheets are integrated with electronic workpapers and inserted into a comprehensive engagement file. This tool facilitates our documentation of your financial processes and internal control procedures, as well as testing for an understanding of the actual operation of these processes and controls.

Data mining and extraction. We use IDEA® as our data mining and extraction tool. In addition to some of the more common audit retrieval tools, IDEA® improves audit efficiency by allowing us to perform fewer manual procedures. Functions include: (a) sampling, including selection and evaluation for systematic, random, stratified random, monetary unit and attribute sampling; (b) field manipulation that allows fields to be appended for calculations and recomputations, facilitates account reconciliations and analyzes the population for major or unusual transactions; and (c) field statistics that display and print statistics about transactions.

Secured file transfer protocol (SFTP). As a McGladrey client, you will have access to our secured file transfer protocol. We will deploy an SFTP data repository in an effort to ensure client-prepared data files are posted to a central location, thus reducing, or otherwise eliminating, issues that may arise when such files are exchanged between client personnel and audit staff.

Internal controls structure

Internal control is a process, affected by management and other personnel designed to provide reasonable assurance of achieving objectives. Our assessment of internal control is concentrated in the following areas:

- Inquiries of appropriate County personnel regarding the design and/or application of a relevant internal control policy or procedure including the classes of transactions to which the policy or procedure applies, how it is applied and by whom, and the disposition of exceptions detected by the policy or procedure.
- Inspection of documents and/or reports evidencing the design and/or application of the relevant policy or procedure by County personnel; noting how the policy or procedure is applied and by whom, the classes of transactions to which it applies and the disposition of exceptions detected by the policy or procedure.
- Observation by the auditor of the performance of the relevant policy or procedure by County personnel; noting how the policy or procedure is applied and by whom; the classes of transactions to which it applies and the disposition of exceptions detected by the policy or procedure.
- Re-performance of the application of the policy or procedure by the auditor and comparison between the results obtained by the auditor and the results obtained by the County personnel.

Using this process, we will gain a strong understanding of the internal control systems in place at the County. Understanding of the controls along with testing the significant control areas, will allow us to reduce substantive testing procedures, focus the audit approach and gain efficiencies as we audit the organization. We will use this understanding to provide feedback in our management letter about opportunities you may have to strengthen controls or streamline processes.

This approach is particularly helpful in designing the audit approach for account balances with significant estimates. We have developed an audit procedure manual specifically for government organizations, which includes tailored checklists and flow charts for documenting and evaluating internal controls specific to your operations.

Information systems controls and risk assessment approach

Our assessment of the County's internal controls will include an analysis of the controls in place over information systems. McGladrey has a specialized group of professionals referred to as our technology

risk advisory services (TRAS) practice, who assist the financial statement auditors. Our TRAS group specializes in assessing clients' overall technology platforms as well as the general and user controls in place over significant transaction cycles. Our specialists include Certified Information Systems Auditors (CISA), Certified Business Continuity Professionals (CBCP), Certified Information Systems Security Professionals (CISSP) and Certified Network Engineers (CNEs).

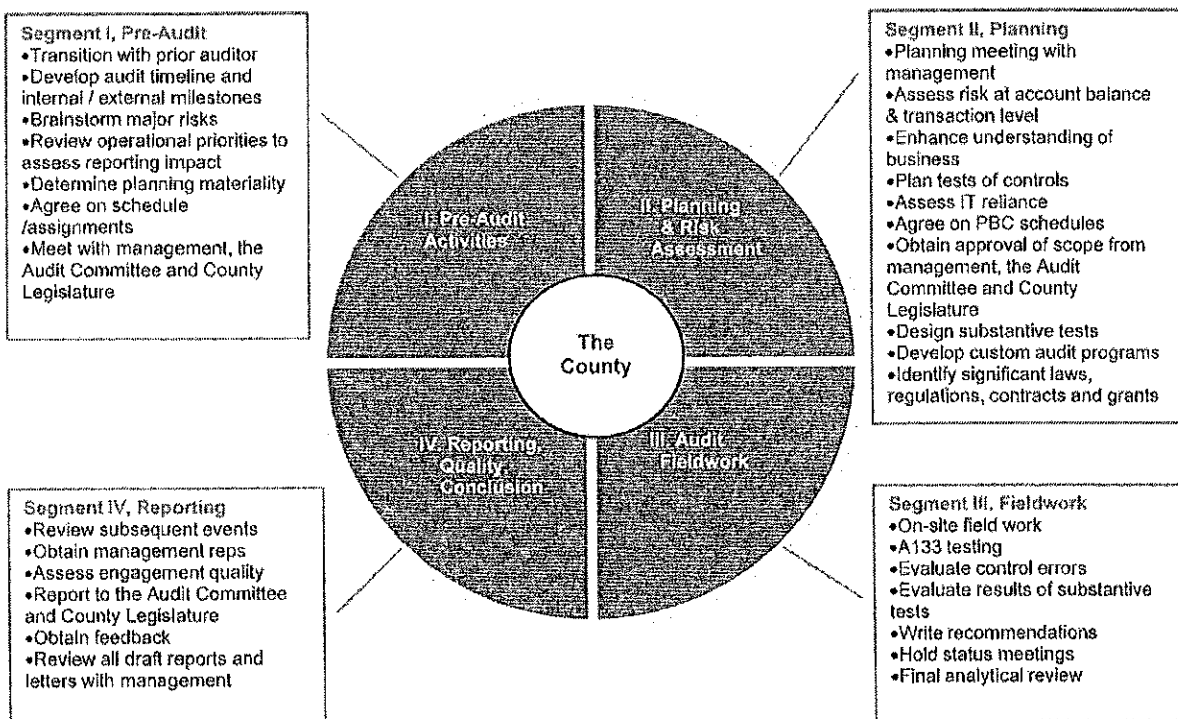
We understand the increasing complexities inherent in today's information systems and your use of them to conduct business and achieve your educational mission. IT risks identified during our assessment will be incorporated into our overall audit approach. Related recommendations will be promptly discussed with management. If the tests of controls are satisfactory, we can adopt a control reliance audit strategy, which will permit more interim fieldwork, and help accelerate the audit timing.

Our IT specialists will review key elements of your IT environments including:

- Hardware configurations and operating systems and standards
- End user access and the change management process for key systems
- Interfaces between the business applications within the IT environment and those at distributed locations
- Integration of ancillary systems with general ledger accounting systems
- Control process pertaining to infrastructure, including the local area network, wide area network, external connectivity and backup and recovery processes
- Development initiatives, including change management, software development life cycles, and implementation to production approaches
- IT general controls such as logical security, change control management, data backup and recovery, job processing and security administration are addressed in our audit approach

McGladrey's Integrated audit approach for the County

McGladrey proposes an "integrated audit approach" that will be very efficient, allow for centralized coordination of many audit. The graphic below highlights our approach, followed by a detailed description of each segment.



Segment I – Pre-audit activities

Pre-audit activities include required preparation of the engagement letter and the communications to the County Legislature and the Audit Advisory Committee as required by AU-C 260, *The Auditor's Communication with Those Charged with Governance*. The engagement letter will describe the terms of our arrangement. The AU-C 260 communication will explain the importance of timely and pertinent communication with those charged with governance regarding significant matters, re-confirm our independence, provide a brief description of our planning process, discuss planning materiality and how it is incorporated into our audit process, and the overall timing of the audit. We will also focus on providing updates to management as each significant phase of the audit is completed.

The expected mode and timing of the communication will be mutually agreed upon as part of the pre-audit activities. Our pre-audit activities include review of board minutes, contracts and grants, and communication of any additional audit requirements noted as a result of our review of these documents. The reviews may result in indications of new or additional revenue sources, leases and other authorizations. Legal documents which address these issues will be reviewed and related compliance issues will be dealt with.

Segment II – Planning and risk assessment procedures

Planning will be conducted in accordance with GAAS and *Government Auditing Standards*. Audit planning involves developing an overall audit strategy for the expected conduct, organization and staffing of the audit. We understand that the nature, timing, and extent of the planning process varies with the size and complexity of an organization, its environment, and its internal controls.

The planning process could include:

- **Gaining an understanding of the County.** Includes the County's primary objectives, regulatory factors, and internal measurement of financial performance.
- **Identifying significant accounts.** Based on planning materiality, interim financial data, identified risks of material misstatements, and other information gathered during the planning phase, we would determine significant accounts, classes of transactions and disclosures.
- **Understanding internal controls.** We will consider the control environment, overall risks, the communication process, and monitoring activities. This will be done via interviews, observation of procedures performed and inspection of documents. We will document the significant processes, such as cash disbursements, cash receipts, purchasing, payroll, revenue, and budget. Our IT professionals will assess the system based controls over financial reporting as part of this planning process.
- **Considering fraud.** This includes segregation of duties, or noncompliance with laws and regulations.

We then will assess control risk. We will design tests of controls intended to allow a "control reliance approach." Tests of transactions will be designed and samples will be selected. Our plan is to combine substantive compliance tests over major federal programs with tests of transactions, to be most efficient.

Materiality considerations

When establishing the overall audit strategy, the engagement team first will determine materiality for the financial statements as a whole. The determination of materiality is affected by our perception of the financial information needs of users of the financial statements and the identification of an appropriate benchmark for those users. Therefore, materiality is all about the users of the financial statements.

The engagement team establishes materiality for the financial statements as a whole, but then may establish additional materiality levels at lower amounts for individual account balances and/or classes of transactions based on our understanding of what would be material to users of the financial statements.

This materiality determination is accomplished through our use of the CaseWare audit tool. Through this tool, there is clear documentation of the linkage between our understanding of the internal controls at both the system and entity level controls, our assessment of risks and ultimately our custom designed audit program.

After determining materiality, the engagement team will establish performance materiality to address the risk of undetected misstatements. Performance materiality is defined as "the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole." It should be noted that performance materiality is always less than materiality.

Whereas materiality is based on what would affect the view of a user of the financial statements, performance materiality is impacted by audit risk. Performance materiality is affected by our understanding of the County—updated during the performance of the risk assessment procedures—and the nature and extent of any misstatements identified in previous audits and, thereby, our expectations regarding misstatements in the current period. Different levels of performance materiality may be established for individual account balances and/or classes of transactions based on the risk of uncorrected misstatements.

Pension and other post-employment benefits

McGladrey has actuaries within the firm who assist the engagement team with reviewing the reputation and qualifications of actuaries used by clients, actuarial assumptions used, and the overall valuations. Additionally, we will test the information provided to the various actuaries to ensure it reflects current and complete data.

Part of our audit process will be to assess if all actuarial calculations were performed on the basis of the current plan provisions of the Plan and the reasonableness of the methodologies and assumptions used by the plan actuaries and whether, in our opinion, the proposed liabilities are reasonably declared and comply with the requirements of the Governmental Accounting Standards Board. In addition, we will ensure all calculations have been made in conformity with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

We will confirm the valuation was performed on the basis of employee, retiree and financial information supplied by County officials. We will compare the results in the current valuation report to the most recent year's results for consistency and/or changes between them. We will discuss the results of the report with the County's actuaries to obtain a better understanding of the assumptions and methods used in their report as applicable and as necessary.

Information technology audit approach

McGladrey understands the pervasive use of various technology systems at the County. Generally, we intend to adopt a "control reliance" approach for financially significant systems. Therefore, we plan to assess the general computer controls, as well as applications controls in place at the County.

McGladrey's TRAS practice has specialized IT auditors, who assist the financial statement auditors. Our initial IT audit plan includes:

IT general computer controls. IT general controls are pervasive controls within the IT environment. Our IT specialists will begin with a risk assessment of the key elements of the County's IT environments, including:

- Hardware configurations and infrastructure
- Operating systems and standards
- End user access and the change management process for key systems
- Integration of ancillary systems with general ledger accounting systems
- Control process pertaining to infrastructure, including the local area network, wide area network, external connectivity, and backup and recovery processes
- Development initiatives, including change management, software development life cycles, and implementation to production approaches

After completion of our risk assessment, we will tailor our approach to address the most significant IT areas. The following types of IT general controls are typically addressed in our audit approach:

- Logical security
- Change control management
- Data backup and recovery
- Job processing
- Security administration (includes the various security tools)

IT application controls. IT application controls are embedded within the software applications to prevent or detect unauthorized transactions. They also validate completeness, accuracy, authorization and validity of processing transactions. We will utilize our proprietary questionnaires and automated segregation of duties tools to assess and confirm the effectiveness of the following types of automated controls:

- Application security
- Segregation of duties
- Input controls
- Processing controls
- Output controls
- Interface controls

Segment III – Fieldwork

Fieldwork will consist of performing the substantive audit procedures determined during the planning and risk assessment phase, as detailed in the specific audit programs. Our detailed audit plan and approach developed during planning, is a risk-based audit approach whereby we make preliminary assessments of audit risk. Accordingly, we will specifically identify areas of increased audit risks, and develop tests and

procedures to concentrate audit hours in these high risk areas. At this time, we will discuss the content of the financial statements and the note disclosures with the appropriate County personnel.

An Integrated audit approach

McGladrey proposes the integrated audit approach as described above. We believe in the proven successes of this approach that allows for centralized coordination of all audit areas and accelerate the audit testing timeline. We will concurrently focus on the unique or high risk audit areas at each reporting unit - but not need to retest any "common areas".

Proposed coordination with County staff

Successful audits require interaction with management and staff at a level necessary for us to obtain the understanding and support required to perform our audits in accordance with applicable professional standards. We understand that management and staff have to perform their day to day responsibilities and will work together to schedule meetings and set up times that work well for everyone so that our interactions do not interfere with daily tasks. We will provide a Prepared by Client (PBC) request list in advance and agree to the timing of all requests with management and staff.

Year-end testing of significant accounts and transactions

Our substantive audit tests include analytical review procedures, detailed tests of transactions and balances, or a combination thereof. These procedures are tailored based on the risks identified and the nature and complexity of the financial statement item being tested.

While we will test all of the accounts consistent with professional standards, there are certain areas where we will spend more time based either on a past history of errors or control deficiencies, the existence of significant management estimates, unique industry issues or new pronouncements or disclosure requirements promulgated by the GASB. These proposed procedures would be tailored and documented in our audit programs.

Use of statistical sampling

Effective use of sampling generally allows us to achieve audit objectives in a more efficient manner. The approach we use for sampling is consistent with our professional standards and guidance found in the AICPA Audit Guide, Audit Sampling.

McGladrey does not rely solely on the results of a single procedure to reach a conclusion on an assertion relating to an account balance, class of transactions, or the operating effectiveness of controls. Rather, our audit conclusions are usually based on evidence obtained from several sources as a result of applying a number of procedures. The combined evidence obtained from the various procedures is considered in reaching an opinion about whether the financial statements are free of material misstatement.

Our professional standards provide guidance for planning, performing and evaluating audit samples. Such standards include guidance related to sampling risk, sampling in substantive tests of details, and sampling in tests of controls, as well as discussion of dual-purpose samples. This guidance also addresses sampling considerations when performing a financial statement audit—with an emphasis on testing account balances or classes of transactions that may contain misstatements—as well as testing internal control over financial reporting.

A-133 Sampling

We may employ audit sampling to obtain sufficient appropriate audit evidence in a compliance audit of federal and/or state awards. It should be noted, however, that the compliance audit environment differs from sampling in a financial statement audit.

In order to meet compliance-related objectives, we gather sufficient appropriate evidence related to auditee compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program. In addition to the standards and guidance referenced above, we apply the sampling guidance found in the AICPA Audit Guide, *Government Auditing Standards* and Circular A-133 Audits, when the audit is also performed to address compliance audit requirements of federal and state awards.

Professionals from McGladrey's National Professional Standards Group, Mike Campana and Brian Schebler, are recognized for their respective contributions to the development or review of the two audit guides referred to above. Our familiarity with sampling, the standards, and relevant audit guides has allowed our firm to develop certain tools that facilitate the efficient and effective use of sampling in both the financial and compliance audit environment.

Our proposed audit approach by account is as follows:

Proposed audit approach, by account

Assets and Deferred Outflows of Resources

Cash

- Confirmation of balances with financial institutions
- Review of bank reconciliations with detail tests of selected reconciliation items
- Detail tests of selections from subsequent bank statements
- Proper financial statement disclosure

Receivables – net

- Examination of reconciliation to ledger and sub ledger and tests of reconciliation items
- Analytical review of significant fluctuations in account balances
- Confirmation of balances, as practical
- Detail tests of subsequent cash receipts for selections
- Analytical tests of aging analysis and reserve requirements
- Tests of accounts receivable allowances through independent estimates using historical reimbursement and write-off experience
- Review detail for transactions with related parties, credit balances, etc.
- Examine revenue recognition policies
- Proper financial statement disclosure

Cash

Investments

Receivables

Capital assets, net

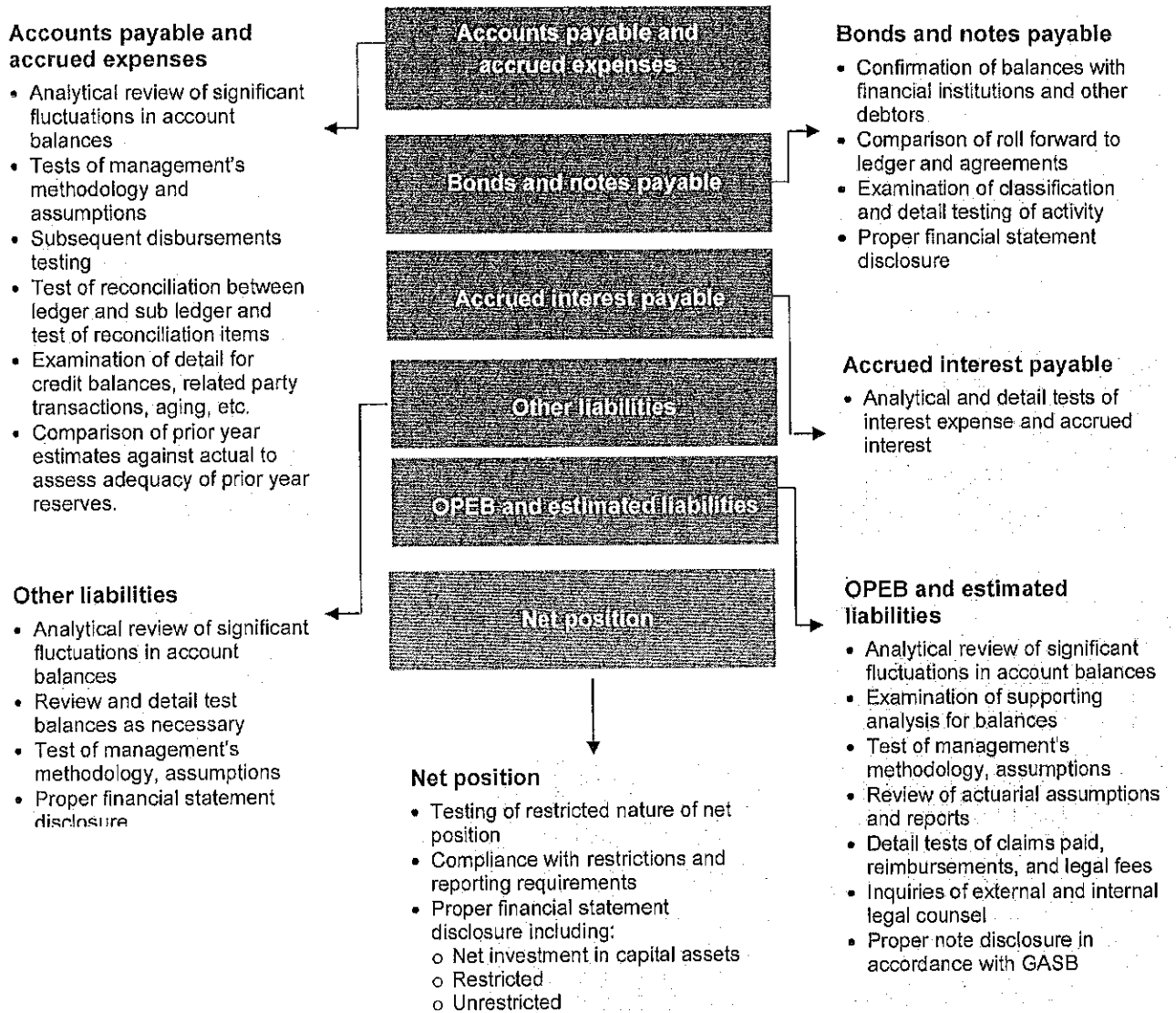
Capital assets – net

- Comparison of roll forward of fixed assets and accumulated depreciation to ledger and supporting detail
- Detailed tests performed on selections of additions, disposals, depreciation
- Analytical review on fluctuations in account balances
- Examination of capitalization policies and transfers
- Tests of repair and maintenance expenses
- Physical inspection of a selection of assets
- Lease classification testing
- Recalculation of depreciation expense and accumulated depreciation
- Proper financial statement disclosure

Investments

- Confirmation of investments held and transactions for the period with custodian
- Examination of agreements with investment managers and investment policies
- Fair value testing
- Detail and analytical tests of investment income and unrealized and realized gains and losses
- Valuation of alternative investments
- Fee and investment expense testing
- Proper breakout between cash equivalents and investments
- Review of foreign currency gains and losses and related risk disclosures, as applicable (proper financial statement disclosure in accordance with GASB 3, 31, 40)
- Review of compliance of overall portfolio with policies and guidelines

Liabilities, Deferred Inflows of Resources and Net Position



Revenues and Expenses

Property taxes

- Gain an understanding of the complete process from assessing the properties, sending out the tax bills, collecting the payments and recording the receipts
- Walk through the process for a random selection of transactions
- Perform analytical procedures

Sales taxes

- Perform detail testing and examine supporting documentation for proper classification and cut-off
- Trace cash receipts to bank statements

Payroll expense

(In addition to general procedures)

- Test accuracy of employee new hires and terminations
- Supervisory approval
- Tie out to salary agreements
- Assess personnel file documentation and employee classification
- Verify existence
- Review union bargaining schedules, step increases

Property taxes

Sales taxes

Federal and State aid

Payroll expense

General procedures

Federal and State aid

(In addition to general procedures)

- Perform detail testing and examine supporting documentation for proper classification and cut-off
- Select a sample of grant awards for the year, read the grant agreement and determine if the receivables, revenues and resulting net assets are recorded in accordance with GASB Statements 33 and 36.

Expenses – General procedures

(As applicable to all line items)

- Review detail for transactions with related parties, unusual transactions, etc.
- Analytical review of significant fluctuations in account balances from our expectation or approved budget
- Detail testing as deemed necessary
- Examine supporting detail for the ledger balance
- Complete financial statement and note disclosure
- Proper authorization and classification
- Compliance with control procedures

Revenues – General procedures

(As applicable to all line items)

- Review detail for transactions with related parties, unusual transactions, etc.
- Analytical review of significant fluctuations in account balances from our expectation or approved budget
- Detail testing as deemed necessary
- Examine revenue recognition policies including restrictions
- Examine supporting detail for the ledger balance
- Complete financial statement and note disclosure
- Proper authorization and classification
- Compliance with control procedures

Audit focus areas

Single audit services, A-133 experience

We will perform audit procedures with respect to the County's major federal programs in accordance with the provisions of OMB Circular A-133. OMB Circular A-133 includes specific audit requirements, mainly in the areas of internal control and compliance with laws, regulations, contracts, and grants that exceed those required by *Government Auditing Standards*.

We are familiar with all technical guidance, including the OMB Compliance Supplement, OMB Circulars A-21, A-87 and A-133, and Federal Cost Accounting regulations (FAR). Nationally, McGladrey participated as an advisor to the President's Council on Integrity and Efficiency (PCIE) through the Quality of Audit Roundtable. We closely monitor the results of Quality Control Reviews and the National Statistical Sample project.

As part of our audit procedures performed in accordance with the provisions of OMB Circular A-133, we will perform tests to evaluate the effectiveness of the design and operation of internal controls that we consider relevant to preventing or detecting material noncompliance with laws, regulations, contracts, and grants applicable to your major programs. The tests of internal control performed in accordance with OMB Circular A-133 are less in scope than would be necessary to render an opinion on internal control. Compliance with laws, regulations, contracts, and grants applicable to its federal program is the responsibility of management. We will perform tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants we determine to be necessary based on OMB Circular A-133 Compliance Supplement (Compliance Supplement). The procedures outlined in the Compliance Supplement are those suggested by each federal agency and do not cover all areas of regulations governing each program.

Major program determination

OMB Circular A-133 requires an auditor to opine on each major program. The scope of our testing will be sufficient and specific enough to allow opinions on each of the County's major programs. We will:

- Identify and select major programs, under the OMB Circular A-133 criteria
- Develop a major program rotation plan, considering the prior year's plan
- Review the number of reported findings, to assess risk
- Consider whether certain types of findings are recurring over the last several years
- Be alert for communications or reports from the Cognizant Agency and any other federal agencies
- Communicate our approach during our in entrance conference

OMB Circular A-133 compliance test requirements

The fourteen types of compliance that are required to be tested are as follows:

1. Activities allowed or unallowed
2. Allowable costs/costs principles
3. Cash management
4. Davis-Bacon Act requirements relating to construction programs
5. Eligibility requirements for recipients of grant monies
6. Equipment and real property management
7. Matching, levels of effort or earmarking which may be required by the grant program

8. Period of availability of federal funds
9. Procurement and suspension and debarment
10. Program income
11. Real property acquisition and relocation assistance
12. Reporting requirements
13. Sub recipient monitoring
14. Special tests and provisions

Exit conferences and reporting

After fieldwork is concluded, we will hold an exit conference to evaluate any potential program findings, and to review a draft report and the Schedule of Expenditures of Federal Awards (SEFA). Our process includes a summary of findings by type (i.e., federal program, internal control or compliance with laws and regulations), discussion of management's responses, reconciliation of the GAAP financial statements to the SEFA, and the finalization of the Data Collection Form.

As required by OMB Circular A-133, we will prepare a written report which (1) provides our opinion on the SEFA in relation to the County's financial statements, (2) provides our opinion on compliance with laws, regulations, contracts, and grants that could have a direct and material effect on a major federal program, and (3) communicates our consideration of internal control over major federal programs. It will indicate that it is intended solely for the information and use of management, the County's Governing Body and federal awarding agencies and that it is not intended to be, and should not be, used by anyone other than these specified parties.

We plan to integrate our OMB A-133 audit procedures with those of the financial statement audit. Many of the transactions, accounts and activities are addressed under both audits, and accordingly, we work with management and financial aid to synchronize those procedures, and complete all our engagement procedures at the same time.

Segment IV – Reporting, quality and conclusion

CAFR

We will discuss the method to be used for the preparation of the CAFR during our planning phase. We will work closely with County personnel during field work to ensure that schedules are populated appropriately and cross-reference to the basic financial statements and notes to financial statements are prepared to support related statements.

Pre-issuance quality review

McGladrey has a thorough quality control process, including multiple levels of review of the final statements and the audit work papers. This is a partner-led activity and we plan to perform many of these reviews on-site, to allow for prompt resolution of questions.

Furthermore, McGladrey has a system of quality control for our assurance practice that is structured to provide reasonable assurance that our personnel comply with applicable professional standards and applicable regulatory and legal requirements, and that our firm issues reports that are appropriate in the circumstances.

The policies and procedures designed to implement the system include the following elements:

- Leadership responsibilities for quality within the firm
- Relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Human resources
- Engagement performance
- Monitoring

Required Communications

We will issue a letter in accordance with SAS 114 "The Auditor's Communication with those Charged with Governance." An audit may not reveal all errors, irregularities, or illegal acts that may have occurred during the year. However, if during the course of the audit, we become aware of any significant irregularities or illegal acts, we will make an immediate written report of all irregularities and illegal acts or indications of illegal acts of which we become aware.

We will ensure that the County is informed of each of the following, in a written communication and during our annual meetings with County management, the County Legislature and the Audit Advisory Committee:

- Our responsibility under generally accepted auditing standards
- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments
- Other information which contains the audited financial statements
- Management consultation with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit
- Disagreements with management
- Any unrecorded audit differences

New GASB accounting pronouncements

The following is a summary of pending GASB standards that may be applicable to the County. We will review each of these, and the potential accounting and reporting impact, with you.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was issued in April 2012. This statement:

- Reclassifies certain items previously reported as assets and liabilities to deferred outflows of resources or outflows of resources, or deferred inflows of resources or inflows of resources.
- Recognizes certain items previously reported as assets and liabilities as outflows of resources or inflows of resources.
- Provides other financial reporting guidance related to the impact of the financial statement elements deferred outflow of resources and deferred inflow of resources (such as changes in the major fund calculation and use of the term "deferred").

Effective for the County for the year ending December 31, 2014.

GASB Statement No. 66, *Technical Corrections - 2012*, was issued in April 2012. This statement:

- Resolves conflicting guidance that resulted from the issuance of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- Amends GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of a government's risk financing activities to the general fund and the internal service fund type.
- Amends GASB 62 by modifying the specific guidance on accounting for:
 - Operating lease payments that vary from a straight-line basis
 - The difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans
 - Servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate

Effective for the County for the year ended December 31, 2013.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was issued in June 2012. This statement:

- Amends the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employees and GASB Statement No. 50, Pension Disclosures, as they relate to governmental employers that provide pensions through trusts that meet certain criteria
- Establishes procedures for measuring and recognizing the obligations associated with pensions as liabilities and the costs of pensions as expenses, deferred outflows of resources or deferred inflows of resources
- Identifies the methods and assumptions that would be used to project pension payments, discount projected payments to their present values and attribute those present values to periods of employee service
- Amends note disclosure and required supplementary information requirements
- Details the recognition and disclosure requirements for employers with liabilities to a pension plan administered through a qualified trust and addresses special funding situations

Effective for the County for the year ending December 31, 2015.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, was issued in January 2013.

- This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations
- This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions

Effective for the County for the year ending December 31, 2015.

GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, was issued in April 2013.

- This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee
- This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities
- This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor.

Effective for the County for the year ending December 31, 2014.

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, was issued in November 2013.

- This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability
- Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts
- The provisions of this Statement should be applied simultaneously with the provisions of Statement 68

Effective for the County for the year ending December 31, 2015.

Our services to the County will include guidance and assistance in the implementation of the GASB statements identified above that have not been adopted. **Accordingly, there will be no additional fees for such service.**

Management Letter

Our approach to the management letter is advisory and constructive. At the completion of our audit, we will provide a draft of identified control deficiencies, along with other comments and observations for improvements. We will seek your input and response before finalization.

We will include observations and recommendations about:

- Accounting practices and the internal accounting and administrative controls
- The design, controls and audit trails of new and redesigned automated systems, if applicable
- Operational improvements or cost efficiencies
- Compliance with the applicable laws, rules and regulations
- New standards, including GASB Statements, GAO Yellow Book and AICPA requirements
- Business and higher education industry best practices

We will take the time to discuss and agree upon the final comments. After management approval, we would expect to meet with the County Legislature and Audit Advisory Committee to discuss the results of our work. We will be also available to meet with any other County officials and individual members of the County Legislature or Audit Advisory Committee as needed.

Delivery

At the completion of our audits, we will provide printed bound copies and a .pdf version of each report rendered.

Bond offerings

Our association with an official statement is a matter for which separate arrangements will be necessary. The County agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed.

The County agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the County agrees to contact us before it includes our reports or otherwise makes reference to us, in any public or private securities offering.

Estimated Hours by Task

TASKS	Partner	Director	Manager	Senior	Staff	Total
Planning						
Obtain understanding of the County	-	4	4	4	4	16
Assess engagement risk	-	2	3	3	2	10
Review and understand new laws and regulations	-	4	3	2	1	10
Understand activity and accounting policies	-	4	4	4	1	13
Perform preliminary analytical review	-	-	3	3	-	6
Determine materiality	-	1	1	1	-	3
Identify significant accounts	-	1	3	8	-	12
Develop engagement plan	1	4	5	4	-	14
Internal Control						
Perform walkthroughs and identify relevant controls	-	-	8	16	16	40
Evaluate design and implementation of internal controls	-	-	-	16	32	48
Test internal controls, where applicable	-	-	-	40	56	96
Test IT controls	2	-	16	64	80	162
Fieldwork						
Cash	-	-	-	-	40	40
Investments (including derivatives)	-	-	2	16	60	78
Sales tax receivable	-	-	-	40	10	50
Due from	-	-	-	8	16	24
Accounts receivable	-	-	-	2	20	22
Real property taxes receivable	-	-	-	16	8	24
Prepays and other current assets	-	-	-	-	16	16
Capital assets	-	-	-	4	40	44
Deferred financing costs	-	-	-	-	40	40
Deferred charges	-	-	-	30	-	30
Accounts payable and accrued expenses	-	-	-	12	40	52
Unearned revenue	-	-	-	32	6	38
Notes payable	-	-	-	-	8	8
Long term debt	-	-	-	-	40	40
Accrued vacation and sick pay	-	-	-	40	4	44
Tax Certiori	-	16	40	100	40	196
Estimated workers' compensation liability	-	-	2	6	18	26
Estimated liability for litigation and malpractice	-	-	2	6	18	26
Other postretirement employee benefits obligation	-	1	2	8	18	29
Other liabilities	-	-	-	8	20	28
Net assets	-	-	-	4	2	6
Operating revenues	-	-	4	40	40	84
Employee compensation and benefits	-	-	-	12	56	68
Other expenses	-	-	4	30	80	114
A133						
Determine major programs	-	8	16	24	-	48
Tests of controls and compliance	-	-	-	80	200	280
Reporting						
Tie out and review financial statements	-	16	32	80	40	168
Financial reporting checklist for disclosures	-	-	3	6	-	9
Schedule of Expenditures of Federal Awards	-	8	15	40	-	63
Management letter	-	8	16	40	-	64
CAFR review	-	10	24	80	-	114
Other reporting considerations	-	3	8	16	-	27
Reviews						
Partner concurring review	18	-	-	-	-	18
Director review and supervision	-	100	-	-	-	100
Manager review and supervision	-	-	140	-	-	140
Senior review and supervision	-	-	-	100	-	100
Other						
Status meetings, confirmations, open request list	-	24	24	24	8	80
Attend audit committee meetings	-	16	16	-	-	32
Total Hours	21	230	400	1,069	1,080	2,800

Timeline by Task	2014												2015				
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
General																	
Communication and coordination (monthly throughout; weekly during fieldwork)																	
Assist the County in researching accounting and financial reporting issues as they arise																	
Audit planning and risk assessment																	
Deliver engagement letter once contract is signed																	
Review predecessor auditor work papers																	
Jointly establish engagement goals and timing																	
Assess risk, document, and evaluate internal controls																	
Meet with management to enhance understanding of business, financial, and operations activities																	
Document audit plan and risk assessment																	
Develop prepared by client (PBC) assistance schedule																	
Interim audit work																	
Test internal controls																	
Perform tests of compliance																	
Perform general computer control (IT) testing																	
Perform substantive procedures for audit purposes																	
Discuss interim findings and comments																	
Final audit work																	
Perform year-end tests of account balances																	
Perform final A133 testing																	
Perform final substantive analytical review procedures																	
Engagement Management																	
Track and update PBC list																	
Weekly status meetings																	
Reporting and Other																	
Consent to release preliminary fiscal year results																	
Issuance of CAFR																	
Issuance of Single Audit report																	

Meeting schedule

Leveraging prior experience

We have extensive experience with clients such as the County and know what it takes to meet this timeframe. Our audit team is experienced in managing the execution of fieldwork across several locations to ensure that the County's audit reports are filed by the deadline. Bob Rooney will lead our engagement team. His knowledge of the County's operations will be a tremendous asset to our services.

Continual communication and budget tracking

We will be proactive by communicating frequently with you throughout the year through our Green Light Sessions and routine status meetings. This will mitigate the occurrence of major accounting-related issues during the audit. In addition, we will help management and the Governing Body with their analysis of accounting issues as they arise.

We will create a budget and timeline by area (which will mirror the above timeline) and track our progress against such on a weekly basis to ensure established deadlines are on track.

Expectations of County Staff

We understand that the County will be responsible for the oversight and administration of the Contract and that the County's internal audit will be available to assist us in performing certain audit procedures. Successful audits require interaction with management and staff at a level necessary for us to obtain the understanding and support required to perform our audits in accordance with applicable professional standards. We understand that management and staff have to perform their day to day responsibilities and will work together to schedule meetings and set up times that work well for everyone so that our interactions do not interfere with daily tasks.

Appendix B—Team biographies



Patrick J. Hagan

Industry Advisory Partner
Chicago, Illinois
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312.634.3981



Summary of Experience

Pat Hagan leads McGladrey's national State and Local Government Industry practice. He is responsible for client relationships, service delivery and growth strategy. His team provides Technology, Financial Advisory and Risk consulting service, as well as Financial, Performance and Single Audits, to states, cities, counties, higher education entities and special purpose authorities.

Prior to joining McGladrey, Pat spent 29 years at a national accounting firm, where he most recently served as the National Partner, Audit and Enterprise Risk Services, State and Local Government. As one of the firm's 20 national industry sector leaders, Pat led a team of practitioners who delivered external audit and risk consulting services to state and local government agencies.

Clients for which Pat has served and issued financial / Single Audits include:

- City of Chicago (including Chicago Skyway Toll Bridge and O'Hare and Midway Airports)
- Chicago Transit Authority
- Public Building Commission of Chicago
- METRA Commuter Railroad Corp
- Regional Transportation Authority
- City Colleges of Chicago
- Chicago Board of Education
- Cook County and Health Systems
- IL Municipal Retirement Fund
- IL Sports Facilities Authority
- Metropolitan Pier and Exposition Authority

Select client projects for which Pat has served include:

- **Santa Clara County (CA), Valley Transportation Authority** – currently serving as Auditor General, and developed initial risk assessments and performed audits for light rail and bus operations, \$2.4 billion BART extension capital project, transit operations and performance, contractual and grant compliance, municipal finance and technology risks. Presented results in public meetings.
- **State of Illinois, Department of Transportation** – issued close out audits for 425 Preliminary Engineering and Construction Engineering projects. Tested labor costs, provisional indirect overhead rates, subcontractor costs, and profits, for 65 construction, architectural and engineering firms. Recovered 3% of audited costs.
- **O'Hare International Airport** – reviewed \$4.2 billion capital program, and assessed construction management effectiveness, airport owner's representative contract compliance, and key areas of cost, schedule, and safety.

- **State of Illinois, Office of Internal Audit** – led first state-wide risk assessment, prioritized risks across 52 departments, utilizing internal control software, and assessed culture and organizational ability to change.
- **State of Illinois, Governor's Office** – led Risk Consulting workstream for Shared Services project, which redesigned state-wide business processes and internal controls, to facilitate ERP technology implementation. Created service centers for payroll and accounts payable processing, with demonstrated business case savings.
- **State of Wisconsin, Governor's Office** – led a workstream for "Accountability, Consolidation & Efficiency" initiative, assessed cost savings and FTE reductions at 42 agencies, and produced budgetary savings of \$511 million, through 35 strategies, such as real estate disposition, IT server consolidation and procurement sourcing.
- **State of Minnesota, Governor's Office** – supported bargaining unit negotiations, with 13 labor unions and 9,000 members, on benefits and work rules, after budget impasse, including use of furlough, vacation and comp time.
- **State of Illinois, Budget Office** – advised a Blue Ribbon Commission on Pension Benefits, modeled financial impact on five state plans for changes in pension age and service requirements, and employee contributions.
- **State of Wisconsin, Board of Elections** – led Independent Verification and Validation (IV&V) procedures for \$300 million Help America Vote Act (HAVA) technology system implementation by a national systems integrator. Established project monitoring and issues log and assessed contractual compliance and vendor change orders.
- **California Teachers Retirement System (CalSTRS) Pension Retirement System** - Improved pension plan accounting procedures, redesigned financial and demographic information flow and assessed technology needs.
- **State of Illinois, Dept. of Healthcare and Family Services** – provided accounting advisory services related to reporting requirements under GASB 33 for a Health Assessment Tax, levied on local health care providers, under federal CMS Medicaid program guidelines.
- **Philadelphia Public School District** – led a finance transformation process, which assessed policies and reengineered financial closing processes, resulting in reduced manual efforts and external auditor findings.
- **City of Chicago, Budget Office** – performed an organizational redesign and led departmental consolidation effort. Developed organizational structure, operating budget and roll-out plan. Assessed overlapping functions and positions. Resulted in \$43 million savings.
- **Cook County, Health and Hospitals System** – assessed operating costs and structure for 25 community based sites and three acute care hospitals, including FTEs per occupied bed, length of stay, skill mix, capital costs and non-salary expenses.

Professional and Civic Affiliations

- Civic Federation, (non-partisan government research and budget group), Board Member and Audit Committee Chair
- City Club of Chicago (public policy group), Member
- Chicago Sister Cities International Program, Galway Committee, Board Member
- Illinois Governor Quinn's "Taxpayer Action Board", Human Services Subcommittee Leader
- Chicago Mayor Daley's "Committee for Better Government", Advisory Consultant

Education

- Bachelor of Business Administration, Accountancy, University of Notre Dame
- Certified Public Accountant, licensed in IL and CA, license pending in FL



Robert G. Rooney

Director, Not-for-Profit Government Services Group
McGladrey LLP
New York, NY
robert.rooney@mcgladrey.com
212.372.1033



Summary of Experience

Robert Rooney is a director with more than 35 years of experience leading engagement teams in serving significant governmental, educational and not for profit entities. He is experienced in the oversight of systems implementations and strengthening the internal controls for not-for-profit and public sector entities. Prior to joining the firm, Bob was a Director with Deloitte & Touche LLP, where his responsibilities included the oversight of the New Jersey Practice Human Resources function and the participation in various internal and external training programs. Bob was a designated specialist in Federal Compliance Regulations and Government Auditing Standards.

Clients served include:

- County of Nassau, NY
- Nassau County Interim Finance Authority
- Nassau County Tobacco Settlement Corp.
- Nassau County Sewer and Storm Water Authority
- County of Rensselaer, NY
- County of Suffolk, NY
- County of Albany, NY
- Morris County, NJ
- City of New York, Department of Education
- City of New York Retirement Plans
- MTA Triborough Bridge and Tunnel Authority
- MTA Long Island Railroad
- MTA Long Island Bus
- Nassau Community College
- MTA Staten Island Rapid Transit Operating Authority
- City of Trenton, NJ

Professional Affiliations and Credentials

- Certified Public Accountant in the states of New York, New Jersey and Connecticut
- American Institute of Certified Public Accountants
- Association of Government Accountants
- New Jersey Society of Certified Public Accountants
- New York State Society of Certified Public Accountants
- Association of School Business Officials (Former Panel Review Member for Certificate of Excellence in Financial Reporting Program)
- Registered Municipal Accountant (New Jersey)
- Public School Accountant (New Jersey)
- Government Finance Officers Association

Education

- Bachelor of Science, Accounting, Fairleigh Dickinson University



Daniel R. Bonnette

Director
McGladrey LLP
Boston
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617.241.2781



Summary of Experience

Dan is a director at McGladrey and is a firm-designated public sector and higher education specialist with more than 23 years of experience. Dan co-leads the Boston Not-For-Profit Industry team. He has managed the audits of numerous public sector, not-for-profit and higher education organizations, both locally and internationally, and has provided technical assistance on accounting and financial reporting issues to these organizations. Dan is a frequent speaker on industry related topics.

Prior to joining McGladrey, Dan spent 18 years at Deloitte & Touche, LLP where, in addition to his client service responsibilities, he served as the National Learning Leader for the Deloitte's Public Sector Practices, responsible for developing the training curriculum for all public sector professionals nationally.

Professional Affiliations and Credentials

- Certified Public Accountant in Massachusetts and New York
- American Institute of Certified Public Accountants
- Massachusetts Society of Certified Public Accountants
- Government Finance Officers Association
- Association of Government Accountants
- National Association of College and University Business Officers
- Eastern Association of College and University Business Officers

Education

- BA, College of the Holy Cross



Scott Bassett

Partner
McGladrey LLP
New Haven, CT
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203.777.4293



Summary of Experience

Scott Bassett has over 25 years of specialized experience in the audits of governmental and nonprofit organizations. He has provided significant services to many governmental entities. He has been involved in the planning processes, design and implementation of the audit work plan, supervision of staff, compliance testing for the Single Audit Concept, providing management advice and preparation of Comprehensive Annual Financial Reports for various clients. Scott has also assisted numerous clients with implementing new generally accepted accounting principles. He serves or has served as lead assurance partner for public sector clients, including the following:

- City of Hartford, Connecticut, and related entities
- City of Stamford, Connecticut, and related entities including Stamford Water Pollution Control Authority
- City of Providence, Rhode Island and related entities
- City of New Haven, Connecticut and related entities including Department of Education
- City of Danbury, Connecticut
- San Diego County Regional Airport Authority
- City of Miami, Florida and related entities
- Greater New Haven Regional Water Authority
- Financial Accounting Foundation, including the FASB and GASB

Professional Affiliations and Credentials

- American Institute of Certified Public Accountants
- Connecticut GFOA Technical Standards Committee
- Connecticut Society of Certified Public Accountants, service on its Governmental Accounting and Auditing Committee

Education

- Master of Accountancy, Central Connecticut State University



Jennifer M. Katz

Manager, Not-for-Profit Government Services Group
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212.372.1617



Summary of Experience

Jennifer Katz is a manager with more than 9 years of experience serving significant governmental and not for profit entities. She is well-versed in the requirements of OMB Circular A-133, Governmental Accounting Standards Board pronouncements, and Government Auditing Standards.

Prior to joining McGladrey LLP, she was a senior manager at Deloitte & Touche LLP where she served in a management development position for the public sector and not for profit groups. This role included researching and evaluating the impact of new accounting pronouncements and providing technical training.

Clients served include:

- City of New York Retirement Plans
- New York City Water and Sewer System
- New York City Other Postemployment Benefits Plan
- The Port Authority of New York and New Jersey
- Port Authority Insurance Captive Entity
- The Hearst Foundations
- The Paley Center for Media
- MTA Long Island Railroad
- MTA Staten Island Rapid Transit Operating Authority
- MTA New York City Transit Authority
- MTA Pension Plans

Professional Affiliations and Credentials

- Certified Public Accountant in the state of New York
- American Institute of Certified Public Accountants
- New York State Society of Certified Public Accountants

Education

- Bachelor of Accountancy, George Washington University



Andy Ellsweig

Director, Technology Risk Advisory Services
McGladrey LLP
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212.372.1810



Summary of Experience

Andy Ellsweig is a director with more than 25 years of experience in leading the information technology (IT) internal audit functions for major corporations. He provides services to clients in a variety of industries, including not-for-profit, governmental, financial services, real estate, consumer electronics, pharmaceutical, telecommunications, manufacturing and entertainment. Andy has an extensive background in:

- Integrated auditing
- Enterprise Resource Planning (ERP) systems controls, including SAP and PeopleSoft
- Vendor audits
- Technology risk assessments
- Regulatory compliance assurance
- System and network security
- Privacy reviews
- Statement on Standards for Attestation Engagements No. 16 (SSAE 16)
- Payment Card Industry (PCI) assessments
- IT governance
- Cloud computing

Prior to joining McGladrey, Andy successfully established and managed global risk management and IT audit functions for various Fortune 500 companies and was a manager in information risk management for a Big Four firm where he primarily served financial services clients. He has guided many firms in applying appropriate technology controls to minimize financial and operational exposures.

Andy has been a frequent speaker on a variety of topics at various organizations, including the Information Systems Audit and Control Association (ISACA), the Information Systems Security Association (ISSA), the Institute of Internal Auditors (IIA) and the Financial Executives Institute (FEI).

Professional Affiliations and Credentials

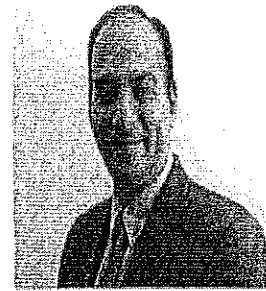
- Certified Public Accountant in the state New Jersey
- Certified in the Governance of Enterprise IT
- Information Technology Audit and Control Association (ISACA) New Jersey Chapter (Board member and past president)

Education

- Bachelor of Science, accounting (minor in management information systems), University of Rhode Island



John Zomchick
EA, FCA



John Zomchick is a Consulting Actuary with Risk & Regulatory Consulting LLC. In this role, John provides retirement and employee benefit consulting services including pension and Other Post Employment Benefit (OPEB) actuarial consulting services on behalf of corporations, state and city governments and local municipalities. John has over 20 years of experience consulting on employee benefit programs and is an Enrolled Actuary and a Fellow of the Conference of Consulting Actuaries (FCA). He has a Bachelor of Science, Mathematics and Economics, Phi Beta Kappa, State University of New York, Binghamton.

Prior to joining RRC, John worked for a diverse range of organizations including Deloitte Consulting LLP, as a Manager in their Human Capital - Total Rewards group where he managed public and private sector client relationships, projects, and deliverables and consulted on a variety of retirement and employee benefit issues pertaining to Defined Benefit, Define Contribution, Other Post-Employment Benefit Plans (OPEB), disability plans, severance plans, and the implications of the Patient Protection and Affordable Care Act of 2010 (PPACA). John assisted Deloitte's audit practice by providing actuarial reviews of funding and financial valuation reports and individual retirement benefit calculations to assess the results were properly calculated based on plan provisions, the reasonableness of the assumptions used, and confirm the results produced complied with IRS, US GAAP, FASB, GASB and IFRS requirements, standards and guidelines, as applicable. John has managed the preparation of pension and OPEB valuations for public sector clients under GASB and private sector clients under IRS, FASB, and IFRS regulations and guidelines. John has consulted on merging or divesting benefit plans during mergers, acquisitions, and divestitures considering client's benefits philosophy and strategy. He has executed pension plan terminations using Liability Driven Investment strategies and stochastic and/or deterministic modeling analysis.

Prior to joining Deloitte Consulting, LLP, John was a Manager, Benefit Consultant - Actuary, for Buck Consultants, Inc., where he consulted with clients on a variety of benefit issues including total rewards strategies to change Plan provisions using amendments and plan terminations. John was the manager of the forecasting and planning national practice and was responsible developing and training staff across the US to complete stochastic and deterministic asset/liability studies for funding and financial reporting under ERISA, FASB and GASB, as applicable, for retirement plans in the private and public sector. John consulted on contributory and non-contributory Defined Benefit Plans and OPEB Plan redesign for large municipality and analyzed pension plans and measured the impact of the Pension Protection Act of 2006 to develop strategies and solutions for client's interests and goals.

John can be reached at 917-548-9938 or by email at John.zomchick@riskreg.com.

Appendix C—Management Letters



The Honorable XXXX XXXXXX, County Board
President and Members of the County Board of
Commissioners XX, XX

In planning and performing our audit of the financial statements of XX, XX (County) as of and for the year ended November 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in the County's internal control to be material weaknesses:

Material Weaknesses:

Finding 2011-01: *Financial Accounting and Reporting*

XX, XX (County) continues to have difficulties in the execution of the County's financial accounting and external financial reporting process. Although the County was able to meet its May 31 reporting deadline, which was a significant accomplishment, the process continues to have major concerns as follows:

- Although the Comptroller's office communicated necessary procedures, needed documentation and timing of needed information to responsible departments — such as agency funds (Fee Offices), the information when received was incomplete and required significant work to incorporate it into the comprehensive annual financial report (CAFR).
- Draft financial statements from the County's component units were not received by the County in a timely fashion. As a result, the County did not have adequate time to review those statements, ask questions and follow up on issues, prior to the receipt of the final issued statements. Although the Component unit related issues questioned during the audit were deemed immaterial to the County's financial statements, a full understanding of all amounts and disclosures included in the County's CAFR is necessary to ensure all quantitatively and qualitatively significant matters are properly recorded and disclosed to ensure the County's statements are complete and transparent to the users of the financial statements.

- The County's accounting software is inadequate to meet the reporting needs of the County. The system does not properly accommodate accrual based accounting, requires a massive amount of manual entries, is not integrated with all fee offices, and was "down" on several occasions throughout the audit process.
- Supervisory review of key schedules prepared as part of the year-end close process was performed mainly by one individual in the Comptroller's office. Although the County met its reporting deadline, the process was inefficient and relies too heavily on this one key individual.
- Certain special revenue funds that receive resources that are restricted to a special purpose, did not have sufficiently detailed supporting information in each individual fund's general ledger detail, supporting the expenditures. These Chief Judge Funds reported significant expenditures that were "allocations" from the public safety fund. As such, there was not a sufficient audit trail to support that all expenditures were specific to an allowed purpose.
- The County did not review the census data provided to the actuary for the Pension and OPEB Funds, and did not adequately review the actuarial reports when they were completed. As part of our audit, we reviewed the actuarial report and the census data provided to the actuary. Our sample items noted the following errors:
 - The pension actuarial report noted 2 deceased retirees whom are not deceased and therefore were improperly excluded from the pension calculation in error.
 - The pension actuarial report excluded 94 inactive participants in the participant data noted within the report. This was a reporting error only as this data was not omitted from the actuarial projection.
 - The pension actuarial report noted 1 participant with an incorrect date of birth. The date of birth listed in the data was incorrect when compared to the participant's birth certificate, noting a difference of 10 years.
 - Employer (County) contributions contained in the report were based on the plans fiscal year, not the County's fiscal year as required.
- Due to the manual nature of the County's year end closing process and due to the fact that many records are not maintained on the Comptroller's general ledger system, numerous adjustments, including material adjustments, were prepared by the County and the auditors after the initial trial balance was provided to the auditors at the end of March. The more significant adjustments included:
 - Adjustments related to the proper reporting of funds maintained by fee offices (special revenue and agency fund types).
 - Adjustments to accurately report investments that were initially reported as cash.
 - Adjustments to properly report revenues, receivables, and deferrals for grants, property taxes and other taxes.
 - Adjustments to reconcile cash.
 - Adjustments to reconcile and eliminate interfund transactions.
 - Adjustments to properly record debt refunding related transactions.

Under a good system of internal control, there should be a sufficient number of trained individuals to ensure the financial statements are prepared reliably and in a timely fashion. Timely preparation builds in adequate time for the auditors and upper management to thoroughly review the statements and resolve any questions or concerns.

Individuals responsible for financial reporting should stay current in their knowledge of accounting standards and should have access to the standards and other research materials necessary to perform their duties. Additionally, the size of the professional accounting staff should be sufficient to prepare reliable financial statements within the reporting deadline.

The accounting software used by the County should be capable of meeting reporting needs including the proper basis of accounting, budgetary and other controls, and an "adjusting period" to post, close and roll-up year end entries. Software should minimize the need for manual entries and allow integration with other departments.

All expenditures charged to a special revenue funds should be reviewed to ensure they are a legitimate charge against the restricted, committed and assigned resources as applicable.

Data provided to actuary should be thoroughly reviewed along with the draft actuarial report when received by the County. Amounts reported should be based on the fiscal year of the County, not the plan.

Although the County has an individual on staff that is trained and qualified, too much responsibility was delegated to this one professional. The amount of work was immense and the hours required by this individual and her staff were not reasonable. This lack of sufficient professional personnel assigned also led to adjustments that were missed. Lack of adequate training in the fee offices resulted in the inefficient use of County resources as certain work was unusable and had to be re-done. Additionally, the County's general ledger system is old and outdated. It was not properly supported by the vendor throughout the fiscal year and is no longer sufficient to meet the reporting needs of the County. The financial statements received from the County's component units were not received in draft form by the County in a timely fashion. As a result, the County had insufficient time to review these statements prior to incorporating them into the County CAFR.

Under the present system, the County will continue to struggle with its financial reporting requirements and is at great risk of missing future reporting deadlines. Errors and adjustments will continue to occur and misstatement of the financial statements will continue to be a huge concern for the County and the auditors.

Recommendation

In order to improve the County's year end reporting process which includes improving the quality and timeliness for preparing the year end CAFR, we recommend the following:

- In September or October of each year, the accounting staff of the Comptroller's office should have a year-end planning meeting with accounting staff from the fee (and elected) offices and the auditors. The purpose of the meeting should be to address what the end result is for the information requested, how to get what is needed in its final usable format, discuss the timing, and brainstorm ways to get the information pulled together as efficiently as possible.
- In order to improve the information reported in its CAFR for the component units, the County should begin with a comprehensive review of the recently issued 12/31/2011 financial statements received from these entities. Any questions or concerns should be communicated to these entities in writing. Additionally, the County should communicate with these entities in September or October to see if they anticipate any material reporting changes since the prior year, and how those changes may impact the County's CAFR. Once received, the GFOA (Government Finance Officers Association) comments pertaining to the FY 2011 CAFR should be reviewed to determine if any suggestions for improving the CAFR pertain to information for the component units. The County should request the component units incorporate such changes into their separately issued financial statements. The County should require that draft statement be received from the component units early April each year to allow sufficient time for the County Comptroller's office to review those statements and resolve questions.

- The County has begun the process to purchase and implement an ERP (Enterprise Resource Planning) system. The County needs to ensure its most technical accounting staff are involved in the product selection process so that this significant investment will enhance the year-end financial reporting process. Regardless of the software used (current system versus a new system) the County should begin recording all of its funds and accounts in its general ledger system, including those maintained by the fee offices. This will include all the agency funds and all the special revenue funds that currently are not incorporated in the current system. Until an ERP system is established, the County should consider obtaining the necessary information quarterly, and recording it in the general ledger in at least summary form. This will significantly reduce the amount of work that is required to be performed at year end. Additionally, this will ensure all funds get reviewed on a regular basis by those individuals responsible for the County's financial reporting at the entity wide level.
- The County has been without a Comptroller for a number of months. We recommend the County fill this position as soon as a suitable candidate can be identified. Additionally the County should reassess the assignments within the Comptroller's Office to determine if roles, assignments and staffing levels are adequate. Ensure individuals are adequately trained and fully understand the responsibilities assigned to them.
- With the implementation of GASB 54 in 2011, the number of special revenue funds was reduced and the restrictions and commitments on the use of resources are better understood and documented. The County should make use of this information and ensure all expenditures incurred for these funds are proper in light of the purpose of the fund. Allocations should not be made from these funds to other funds. Instead, individual invoices, payroll charges etc should be charged against these funds directly where appropriate.
- With the upcoming GASB pronouncements that will require the County to record additional pension data, we recommend the County review all participant related data before it's sent to the actuary to ensure the data sent is accurate. Additionally, the County should then review the report that is received back from the actuary to ensure all data used was reported correctly. The County should report the employer contributions based on the County's fiscal year. The County should consider hiring its own actuary, instead of using the Plan's actuarial report.
- In order to reduce the number and nature of journal entries identified late in the audit process, the County should review all 2011 entries, determine why they occurred (staffing shortages, lack of familiarity with requirements, errors etc) and establish a plan to address these issues going forward.

Management Response – The Interim Comptroller and CFO agree with the recommendations and are taking the necessary steps to ensure improvements are made, targeted goals are achieved and move toward the ultimate goal of best practice processes.

As the CAFR was issued within 6 months of year end, the Comptroller's Office will have more time to ensure that proper communications are sent out to staff and all departments on a regular basis related to fixed asset activity, grants, agency cash, etc. This will ensure that at year end, the information is accurate, complete and will facilitate the timely closeout of key accounting areas.

The Comptroller's Office hired a fixed asset accountant and a grants legislative coordinator during the first quarter of 2012. These individuals will supervise and be involved in the fixed assets and grants management processes, two significant accounting areas, throughout the year to ensure that these areas are properly recorded and accounted for in JDEdwards. These additional supervisory staff will facilitate the year end closing process and preparation of the CAFR.

Ongoing training is provided to all general ledger staff and supervisors to ensure that staff are adequately trained and are up to date with current accounting pronouncements.

The County will work with the Pension Fund and evaluate the participant related data before it is submitted to the actuary, as well as review the actuarial report to ensure accuracy and completeness.

With the implementation of the ERP system, the risk of errors in financial closing and reporting should be greatly reduced. Key staff from the Comptroller's Office and Bureau of Finance is involved in the ERP implementation process to ensure that the system adequately meets the needs of proper accounting and reporting.

Finding 2011-02: Accounting for Fixed Assets

The County does not have sufficient controls over fixed asset accounting and inventory tracking. Our testing detected multiple errors.

During our audit we found:

- \$18.5 million in fixed assets donated to the County in 2011, were not recorded in the fixed asset inventory until they were discovered by the County in May 2012.
- While testing a sample of 63 construction in process additions we noted that 9 additions (14%) totaling approximately \$1.6 million pertained to the prior fiscal year.
- Seventeen (17) fixed assets totaling \$421,566 that were acquired prior to fiscal year 2011 were missed in previous years and added as additions in fiscal year 2011. These assets consisted of vehicles, computer equipment, furniture and fixtures and other equipment.
- During our audit of a sample of 7 fixed asset deletions we found 4 exceptions pertaining to items that were reported as deleted in the fixed asset inventory, but actually still being used by the County, or disposed of in a prior fiscal year and not deleted from the fixed asset inventory until 2011.
- While sighting vehicle inventories at one Sheriff's location, we found two vehicles (Chevy Impalas) that were not listed in the County's fixed asset inventory.
- One item with a historical cost of \$64,793 (Gas Chromatograph) was listed on the fixed asset inventory but was deleted in March 2006.
- One asset costing \$19,575 was being depreciated for an incorrect number of years. The asset was being depreciated over 5 years when it should have been depreciated over 10 years.

Good internal controls over the custody of fixed assets should include assets recorded at the proper historical cost and depreciated using the proper useful life. Construction in process should be recorded in the year that the work is performed. When an asset is tagged for disposal, it should be removed from service and properly disposed. Assets should be recorded as disposals in the year that they are disposed. Supporting documentation for every disposal should be maintained. Each asset should be recorded individually. The capital asset listings should be updated with each new asset purchase.

The County's process for recording additions and deletions, as well as depreciating fixed assets are highly manual and rely on multiple departments and individuals. Departments have been inappropriately aggregating similar items in the fixed asset records, instead of providing each individual asset and identifying tag number. This, combined with the lack of sufficient documented policies and procedures for reporting additions and deletions, has led to errors occurring.

Over and understatement of fixed assets, construction in process, depreciation expense, and accumulated depreciation as well as incorrect gain/loss calculations on sale/disposal transactions occurred and will continue to occur under the present system.

Recommendation

We recommend the County increase its efforts to maintain accurate fixed asset records. This could be achieved through training courses for the employee(s) responsible for fixed assets, bringing in a consultant to correct the records, implementing an automated system, or any combination of these suggestions. Additionally, we believe the County should conduct a physical inventory of its fixed assets. This process could be done one department at a time to better manage the process. Additionally, the County could use interns or other underutilized employees as appropriate.

Management Response – The County is currently reassessing the JD Edwards Fixed Asset module to address these issues. The County Comptroller's Office will be the lead in implemented the module for the purpose of compiling a tracking database for all XX capital asset inventory. The County Comptroller's Office will also be the sole administrator of maintaining this module. Assets will be manually added to JD Edwards Fixed Asset module. County departments will identify asset activity on a quarterly basis. Construction work in progress and addition expenditures will automatically enter through an interface from the JD Edwards General Ledger. The execution of the Fixed Asset module will modify the processes for recording additions and deletions. In addition, the County is looking into developing new interfaces from other systems to provide all asset information necessary for a capital asset inventory.

A standardized procedure will be developed to report capital assets in the financial statements. Business processes will be developed for additional reporting and managing assets. The County is implementing all policies and procedures in accordance with GASB 34, 42, 49 & 51 to provide the proper accounting for capital asset financial reporting.

The JD Edwards fixed asset module does have system limitations and will serve as a repository for capital asset inventory records until the ERP system is implemented.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following control deficiencies to be significant deficiencies:

Significant Deficiencies:

Finding 2011-03: *Bank Reconciliations*

The County's commingled operating cash accounts, including the master operating (MOA) and disbursement accounts (DA) hold pooled cash for the governmental funds and the XX Health and Hospitals System. Due to the pooled nature of these accounts, it is imperative for the County's reconciliation and cash management process to be properly managed and controlled on a timely basis.

During our audit we determined that reconciliations for the MOA and DA accounts were not performed timely (within 30 days). The year end (November 30, 2011) reconciliations were not complete until March 2012. Additionally, an un-reconciled variance of approximately \$850,000 remained in the DA reconciliation (cash as recorded was understated).

Under a good system of internal control, all cash accounts should be reconciled monthly, within 30 days. Adjustments, if any, should be identified and recorded promptly. An individual with no responsibilities for collecting, recording or reconciling cash should review the reconciliation and proposed adjustments. Evidence of this review should be maintained.

Due to the complexity of the pooled account bank reconciliations, the manner in which items are processed by the bank, and staffing shortages, the reconciliation process was not finalized until more than three months after year-end. The County did enlist additional resources to tackle this project, however additional resources were not assigned until after year end and approximately 6 months of reconciliations had to be completed at that time.

Lack of timely bank account reconciliations can lead to fraudulent activity occurring, and not detected timely. This greatly increases the risk of loss to the County. Additionally, lack of complete and timely reconciliations increases the risk that the financial statements will be misstated and also could delay issuance of the CAFR.

Recommendation

To improve the effectiveness of the pooled account reconciliations, we recommend the following:

- The County should complete the MOA and DA bank reconciliations no more than 30 days after each month end to ensure that reconciling and exception items are investigated and resolved in a timely manner. Each of these reconciliations should be reviewed and approved by a supervisor, and documented as such.
- The County should cross-train individuals to assist in the cash reconciliation process, such that sufficient staff are on hand at all times to investigate the large volume of reconciling items and to perform the reconciliations if key personnel are absent or unavailable.
- If after applying the above measures the County is still unable to fully reconcile the MOA and DA accounts in a timely fashion, the County should divide the accounts into smaller more manageable accounts. Separating out the general fund and public safety fund would be a good place to start.

Management Response – The Comptroller's office agrees with the recommendation and the necessary steps to ensure improvements are made and targeted goals are achieved and move toward the ultimate goal of best practice processes.

The Comptroller's Office is working with the County Auditor's office to re-reconcile the FY11 disbursement accounts for each month to analyze and correct the un-reconciled variances. Additionally, staff from other divisions within the Comptroller's office who have bank account reconciling experience are being cross-trained to ensure that there is adequately trained staff at all times to perform the reconciliations within 30 days after month end.

All reconciliations will be reviewed and approved by management in the general ledger section on a monthly basis.

Finding 2011-04: *Lack of Formal Written Policies/Procedures for Significant Transaction Cycles*

The County does not have formal written policies and procedures for significant transaction cycles including:

- Cash disbursements and accounts payable
- Cash receipts and accounts receivable
- Payroll, accrued payroll and compensated absences
- Property tax revenues and receivables
- Other tax revenues and receivables
- Grant revenues and receivables, including an allowance for doubtful accounts
- Loan revenues and receivables including an allowance for loan losses

The County does have municipal codes that define policies and procedures for procurement and accounts payable but the code represents the goal, standard or objective of the County and its departments to achieve. It is not sufficiently detailed to address how the County should execute the goals, standards and objectives. This is the only area for which we could find any written guidance.

In most areas, the County's staff follows informal procedures that have been established through on the job training, verbal and similar forms of communication. During our testing, we found areas where the County was not following the informal policies established. These policies were communicated to us to be the established internal controls. Additionally, we found areas where County personnel seemed unsure of the established accounting policies. During our audit we noted the lack of appropriate guidance resulted in the following:

- Purchases were made without approved purchase orders being prepared and approved in advance of the purchase, as required. During our testing over the procurement process, the County records indicated that approximately 541 purchase orders since August 2011, representing \$9 million worth of purchases, were processed after the good/services and invoices were received.
- During our testing of payroll disbursements, we noted 2 out of the 23 newly hired employees we sampled did not have the proper personnel action form (PAF) retained in the employee's personnel file as required.
- Capital asset additions and deletions were not appropriately documented and communicated to the Comptroller's office so that they could be added/removed from the County's inventory of capital assets. See finding 2011-02.
- Grant accounting was over-simplified with little involvement by those most familiar with the grant requirements. See finding 2011-06.
- Receivables for County home-rule taxes were not accrued unless they were collected in December. See finding 2011-01.

Good internal controls require that management adopt a comprehensive formal policy and procedures document that addresses all significant transaction cycles. Ideally this document would be approved by the Board or a committee of the Board. The policies and procedures should ensure that all duties are segregated and should address specifically; transaction authorizations, approval, IT access rights, cut-off procedures, and anything else that is important in ensuring the County's assets are safeguarded. Additionally, the County's procedures should include a reconciliation of amounts recorded in the subsidiary ledgers (including those maintained by fee offices and elected officials), to the general ledger. A detailed aging should be prepared for all significant receivables and payables, and should be reviewed monthly by supervisory personnel. Long outstanding balances should be investigated and addressed.

The County currently operates based on informal and unwritten policies and practices. The County has not allocated sufficient resources to ensure a complete policy and procedures manual is developed and implemented.

When an error or breakdown in a process occurs, there is no formal written procedure in place that can be referenced to place accountability with a particular employee or department so that the issue can be corrected and prevented in the future. Additionally, due to the lack of detailed written guidance, there is inconsistency in how transactions are processed through the system. This could lead to fraud opportunities caused by duties that are not sufficiently segregated, as well as unintentional errors occurring and not being detected. Overall, the lack of detailed written guidance greatly increases the risk of fraud due to the lack of established internal control and protocol.

Recommendation

We recommend the County adopt formal policies and procedures associated with all significant transaction cycles which are comprehensive enough to address all significant risks. We also recommend the policies and procedures be approved by the Board, or a committee of the Board, or another appropriate individual or department. Once established, employees should have easy access to the document and should receive training in their respective job responsibilities. The County should adopt this recommendation with the implementation of its ERP system.

Management Response – The County is in the process of approving policies and procedures related to the Procurement process. The Bureau of Finance is currently in the process of creating a comprehensive grants manual which would detail the entire grants process from inception of applying for a grant to the grant closeout process. In addition, The Legislative Coordinator will work with the administrators from the various departments that receive grants to develop a schedule for doubtful accounts on grants. At the end of the fiscal year this will be given to the Comptroller, to be used in setting up an annual reserve for doubtful accounts from grants.

Although manuals exist for cash disbursements and accounts payable, cash receipts and accounts receivable; payroll, accrued payroll and compensated absences; and tax revenues and receivables, these manuals will be updated and redistributed to the appropriate staff.

Finding 2011-5: Grant Accounting

The County does not adequately account for individual grants in accordance with GASB Statement No. 33. Instead, grants are analyzed in groups to estimate receivables and deferred amounts.

During our testing of grant transactions we noted the following:

- There is no documentation of a detailed analysis of individual grant agreements to support the proper classification of each grant as an expenditure driven grant, a grant with eligibility requirements etc, all of which drive the proper accounting treatment.
- The schedule initially provided to the auditors had to be re-worked several times as issues and errors were discovered. This is largely due to inadequate policies and procedures, the number of grants and the lack of an automated and comprehensive grant reporting system.
- Due to the lack of easily assessable grant accounting records, the County returned \$2.9 million of Capital Litigation grant funds to the State Treasurer. The funds were returned because the available records did not reflect that qualifying expenditures had been incurred for this program. The State's program subsequently ended and it is unlikely the County will be able to recover this funding.
- County Treasurer grant funds in the amount of \$500,716 were recorded in the wrong County Fund in error. This impacted the calculation of deferred revenue in the governmental fund as it appeared that the amounts were not collected during the availability period, which they were.
- Grant funds in the amount of \$312,725 were recorded in the wrong business unit in December 2011, again impacting the calculation of deferred revenue.

Under a good system of internal control for grants, a system should be in place to assess all significant grants, determine the appropriate accounting relating thereto, accurately track grant receipts and disbursements during the fiscal year as well as throughout the life of the individual grant, and calculate and report grant receivables, revenue and deferred revenue.

The County has over 1,000 grants each year that it has to monitor and account for. The present system available to the County is not sophisticated enough for a grant program of the magnitude administered by the County. Additionally, those in charge of monitoring grant performance and reporting back to the funding sources are not the same individuals responsible for reporting grants in accordance with GAAP within the financial statements. As such, year-end reporting of these grants is a monumental task and is being performed by a Department that is unfamiliar with the nuances of each grant and already overwhelmed with manual entries.

Insufficient reporting of grant transactions can result in forfeiture of funding or possible recoupment of grant funds already awarded. Additionally, the level of manual analysis of the grants could lead to financial statement misstatements of grant receivables, revenue, and deferred revenue.

Recommendation

We recommend the County develop a comprehensive grant reporting procedure that addresses year-end financial reporting needs as well as reporting requirements imposed by funding agencies. The County should enlist the individual grant administrators from throughout the County to assist in this process. These individuals are the most familiar with the individual grant program requirements and are best positioned to help the Comptroller's office identify the key grant requirements/attributes that impact GAAP basis accounting.

As the County works towards selecting an ERP system, a detailed assessment of the grant reporting features of each prospective system should be a major consideration in the award process.

Management Response – The Interim Comptroller and CFO agree with the recommendations and are taking the necessary steps to ensure improvements are made, targeted goals are achieved and move toward the ultimate goal of best practice processes.

A grants legislative coordinator was hired by the Bureau of Finance in February 2012. The Legislative Coordinator from the Comptroller's Office will work with the Budget Office Director of Grants and the various grant department administrators, to develop written policies and procedures for grant management, and to improve the grant internal controls, to ensure that the County is in compliance with GASB 33 as well as being in compliance with state and federal grantor requirements.

The implementation of the ERP system will also facilitate in better grant management and reporting. Representatives of the Comptroller's Office, the Budget Office the OPA and various departments who receive grants will participate in the process of selecting and implementing the new ERP system.

Finding 2011-6: *Property Tax Revenue Recognition*

The County did not record all property tax revenue and receivables in accordance with Generally Accepted Accounting Principles (GAAP).

While performing audit procedures over property tax revenue and receivables for the County's governmental funds, we identified three discrepancies as follows:

- Property tax receipts in the amount of \$4,525,661 that related to the 2010 levy and were collected within the 60 day period subsequent to November 30, 2011 but were not initially recorded as property tax revenue and receivable by the County. We proposed an adjustment to remedy this discrepancy and the County posted the audit adjustment.
- Property tax receipts in the amount of \$1,032,776 that related to the 2009 levy were not properly accounted for as revenue for the County's fiscal year 2010. Since this property tax revenue was not recognized in fiscal year 2010 it was included in the County's fiscal year 2011, effectively overstating property tax revenue in fiscal year 2011. This adjustment was deemed immaterial and not recorded.
- Property tax credits (refunds) in the amount of \$1,278,453 related to prior year's levies were properly netted against property tax revenue in the General Fund, however, the same credits (refunds) were also netted against revenue in the Annuity & Benefit Fund effectively resulting in the understatement of property tax revenue. We proposed an adjustment to remedy this discrepancy and the County posted the audit adjustment.

GASB 33, paragraph 29 states, using the modified accrual basis of accounting, revenue from nonexchange transactions should be recognized in the accounting period when they become available and measurable. With respect to property taxes only, NCGA Interpretation 3, paragraph 8, states, the current period and the subsequent period, not to exceed 60 days after year end, define the availability period.

The County did not record the items noted above due to an oversight.

The County recognizes over \$600 million of property tax revenue each year in the fund financial statements. The net effect of the conditions identified above understated property tax revenue in the fund financial statements approximately \$4.8 million. If the criteria above is not followed in regards to revenue recognition, future periods may result in additional misstatements of the financial statements.

Recommendation

We recommend that the County follow GASB 33 guidance for recognizing property tax revenue to ensure that it is recorded in the correct period.

Management Response – Although property tax revenue is properly recorded in accordance with GASB 33, these entries were not recorded as multiple spreadsheets are used to calculate the overall property tax revenue activity for the year but a summary sheet of all the different amounts is not created to ensure that all the amounts are accurate and complete. To rectify these errors, a summary sheet will be created that will show how each amount effects property tax revenue for the current year, including refunds, segregated by fund.

Finding 2011-7: Under-accrual of the Property Tax Objection Liability

Property tax revenues were not recognized, net of estimated refunds, in the period for which the taxes were levied in the government wide financial statements or the enterprise fund financial statements.

While performing audit procedures over the reasonableness of the estimated property tax objection liability (refunds), we noted the refund estimate related to the 2011 levy was omitted.

GASB 33, paragraph 18 states, governments should recognize revenues from property taxes, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied, even if the enforceable legal claim arises or the due date for payment occurs in a different period.

The County's estimate was based solely on tax levy years for which property tax bills have been prepared and sent to taxpayers. The County did not believe an estimate was required until the billing process was complete.

The total estimated property tax objection liability is allocated between the County and the County Health and Human Services Fund. As of November 2011 the initial estimated liability determined by the County was approximately \$51 million. After including an estimate for the 2011 levy and considering the over accrued portions of past levies the estimated total liability was approximately \$68 million. The adjustment for the County's fiscal year 2011 was deemed immaterial and not recorded. However, future omission of the current year levy refund estimate could materially misstate the financial statements.

Recommendation

We recommend the County follow the guidance provided by GASB 33, paragraph 18 to ensure that the correct amount of property taxes is recognized in the period.

Management Response – The Comptroller's office agrees with the recommendation and will include the liability that corresponds to the property tax levy that is recorded as revenue in the full accrual financial statements.

Finding 2011-08. Antifraud Programs and Controls

The County recognizes the importance of maintaining fraud prevention and detection programs. The County staffs both an Office of the Inspector General, as well as the Office of the XX Auditor. These two operations are key elements of an overall plan for fraud deterrence. However, the County has not performed a comprehensive environmental risk assessment, including the risk of fraud.

The American Institute of Certified Public Accountants (AICPA) has published a document entitled, *Management Antifraud Programs and Controls — Guidance to Help Prevent and Deter Fraud*. As stated in this publication, "This document identifies measures entities can implement to prevent, deter, and detect fraud. It discusses these measures in the context of three fundamental elements. Broadly stated, these fundamental elements are (1) create and maintain a culture of honesty and high ethics; (2) elevate the risks of fraud and implement the processes, procedures, and controls needed to mitigate the risks and reduce the opportunities for fraud; and (3) develop an appropriate oversight process."

A fraud risk assessment process should be performed to evaluate factors that could mitigate the occurrence of fraud at the County. This process would involve participation from managers from selected County departments, County auditors, and participation from members of the Audit Committee of the County Board of Commissioners. The objective of such a process would be to document the results and conclusions reached to assist in the design and implementation of new antifraud programs and control activities.

Under auditing standards generally accepted in the United States of America ("GAAS") from the AICPA and adopted by the U.S. Governmental Accountability Office, in obtaining an understanding of an entity's control environment, independent auditors must consider the design and implementation of programs and controls that address the risk of fraud. Under the new standards, the absence or inadequacy of such programs and controls can represent a significant deficiency or material weakness in an entity's control environment.

A task force was created at the end of 2009 in order to develop a plan to establish a county wide plan related to antifraud controls. The taskforce is the process of creating a request for information (RFI) in accordance with SAS 109. They have been working with the inspector general's office to create ordinances for all departments to document internal controls and establish fraud prevention techniques to help mitigate fraud. With information from the RFI the task force intends to create request for proposal (RFP) in the later part of 2012 and hope to have the plan in place by the 3rd quarter of 2012.

Recommendation

We recommend the County complete its goal of implementing a comprehensive risk , including the risk of fraud for the County. Once complete the County should implement changes to existing policies and procedures and initiate new programs and controls that are identified during the risk assessment process. The resulting risk assessment and management's plan for mitigating these risks should be shared with the Audit Committee.

Management Response – The CFO, Office of the Inspector General and the Internal Auditor recognize the importance of fraud prevention and detection programs. Meetings were held with the Antifraud Taskforce during the first quarter of 2012 to develop a plan to perform the overall Countywide risk assessment. The taskforce charter provides for including department and agency representatives from throughout the County, along with potential external third party experts in fraud prevention. An RFI was issued during 2012 to obtain a better understanding on how the County should develop and implement a robust fraud risk assessment program that evaluates the vulnerability of the County to fraudulent activity and identifies new programs and control activities. Responses have been received and are currently being reviewed by the Antifraud Taskforce with the plan of beginning the implementation of the risk assessment during the 3rd and 4th quarters of 2012.

Finding 2011-9: *Inadequate Control over Journal Entries*

The County does not have sufficient control over the preparation and posting of journal entries. During our testing of journal entries we noted the following:

- Individuals with the ability to approve journal entries may also create them. Our sample testing of journal entries indicated 2 out of the 12 entries selected for testing (17%) had the same originator and approver.
- Journal entry documentation did not always support the amount of the entry. Our sample testing indicated 1 of the 12 entries selected for testing (8%) did not have proper documentation to support the amount of the entry.
- Certain journal entry documentation was missing. 1 of the 12 entries selected for testing (8%) did not have any documentation to support the entry

Good internal controls over journal entry processing should require that the originator and the approver be two different employees and the employee reviewing the entry needs to be at the appropriate supervisory level. In addition, documentation that supports the entries needs to be maintained and reviewed prior to entry approval and posting.

Due to staffing shortages in the Comptrollers office, the County did not adequately segregate the duties of preparing and reviewing all journal entries.

Under the present control environment, fictitious entries could be created and approved by a single person and go undetected. Use of inappropriate journal entries is one of the most common ways frauds are concealed.

Recommendation

We recommend that the parameters of the JD Edwards system be set to prevent the ability of one person to originate and approve their own journal entries. In addition, we recommend that documentation be maintained for each journal entry that supports the amount posted to the general ledger. Each journal entry should be reviewed and approved by a responsible supervisor and should always be independent of the journal entry preparer. Reviews should be documented.

Management Response – Historically the procedure of one-sided journal entry has been used to correct any integrity issues identified by the Comptroller's Office while posting batches to the general ledger and accounts payable. At the request of the Comptroller's Office the Department of Application Development & Management executes the one-sided entries to resolve issues that may arise. This feature was approved by prior administrations and it was included in the original configuration and implementation of the JD Edwards ERP system well over twelve years ago. All requests for edits are made by the Comptroller's Office, as a result of a request from the Comptroller's Office edits are done on an as needed basis.

The Comptroller's office will work with MIS to restrict the system from allowing such entries to be made and will restrict the system from allowing the same person to prepare and approve the same journal entries. Journal entries will be reviewed by a supervisor who is different from the preparer of the entry.

Finding 2011-10: *Inadequate Information Security and Controls*

The County does not have any evidence that management has performed its quarterly review of the list of JD Edwards's users verifying that access privileges remain appropriate. Auditors also determined that four users have unauthorized access that allows privileged access to certain objects within the JD Edwards application.

Additionally, during fiscal year 2011, JD Edwards was configured to allow journal entries to be posted to prior fiscal years and to allow the posting of one sided, unbalanced journal entries.

The monitoring and investigation of security, such as access to critical data, invalid access attempts, and use of privileges, is a critical element of a strong security environment. Security should be reviewed regularly to ensure the County's records are safeguarded from unauthorized access. Additionally, all IT system controls that limit the posting on entries to prior periods and disallow the posting of unbalanced journal entries, should be activated in the system.

The County has not allocated sufficient resources to ensure security measures are performed regularly and well documented and the County has not performed a comprehensive review of all the control features in JD Edwards to determine if all important control features are enabled.

Unauthorized access or access violations may not be detected, monitored, and/or investigated resulting in potential security exposures, (inappropriate access to confidential or sensitive data, loss of data, altering of data). Additionally, posting entries to prior periods after the year has been closed corrupts the integrity of prior year data and serves no legitimate purpose. Unbalanced and one sided entries cause the general ledger to be out of balance, causes inefficiencies and can delay the closing of the years activity in the system.

Recommendation

We recommend the County enhance application and network security features by performing the following:

- Retain evidence of all user access reviews for audit purposes
- Review and restrict powerful, privileged super user accounts in the JD Edwards application.

Additionally all built in control features available in the JD Edwards system should be enabled.

A similar process should be maintained and monitored with the implementation of the new ERP system.

Management Response – For fiscal year 2011, the Bureau of Technology (BoT) removed users at the request of Human Resources, and departments or agencies across the enterprise. The BoT performed audits on JD Edwards users on a semi-annual basis for fiscal year 2011. During fiscal year 2012 the BoT has been removing users at the request of Human Resources, and departments or agencies across the enterprise. The BoT is currently performing audits on a quarterly basis for fiscal year 2012.

Finding 2011-11: Year-end Vacation Accrual

The County is overstating its vacation accrual for fiscal year 2011.

During our testing of earned and unused vacation (paid time off) for a sample of employees, we noted that 8 of 15 (53%) employees tested, had a vacation liability balance that was overstated. The overstatement was a result of the wrong employee pay rate being applied to the employees accumulated earned vacation hours. The calculation was based on fiscal year 2012 pay rates instead of fiscal year 2011. Based on our sample testing, we projected an estimated error of \$738,741 over the entire population.

The vacation accrual should be calculated based on the employee's pay rate that is effective as of year-end multiplied by the remaining hours of vacation time that each employee is allowed to carry over to the next year.

This error occurred because the employee pay rates in the system at the time the schedule was prepared, were the rates in effect in fiscal year 2012. The review of the schedule did not detect this mistake.

The overstatement of the vacation accrual caused expenses to be overstated at year-end by \$738,741. This amount was deemed immaterial and was not recorded by the County.

Recommendation

We recommend that the County calculate the vacation accrual closer to yearend to ensure the proper rates are used. Also, it may be beneficial to centralize the process to calculate the accrual so that a group of employees working closely together determine the accrual and review it for accuracy.

Management Response – The Comptroller's Office agrees with the recommendation. We will process the vacation accrual in a timely manner in order to ensure that correct balances are used for the FY12 accruals.

The County's written responses to the significant deficiencies and material weaknesses identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of the County Board President and Board of Commissioners, management, others within the County, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey LLP

XX, XX
May 31, 2012



To the Board of Directors

██████ Authority

████████████████████

In connection with our audit of the basic financial statements of the ██████ Authority (██████) as of and for the year ended June 30, 2011, we identified deficiencies in internal control over financial reporting (control deficiencies).

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We have separately communicated, to you and the Executive Management and Audit Committee, through the issuance of ██████'s Single Audit report, an identified deficiency that we determined to be a significant deficiency.

Control Deficiencies

Following are descriptions of identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

Bank Reconciliations

Condition: The "book balance" noted on the June 30, 2011 bank reconciliation for the payroll account did not agree to the June 30, 2011 general ledger. This was due to certain manual payroll checks totaling \$38,469 that were issued on June 30, 2011 and noted on the bank reconciliation as outstanding checks (a reconciling item) but not recorded as a reduction to the cash account and a reduction of accrued payroll on the general ledger.

Recommendation: We recommend ██████ review the policies and procedures over the recording of manual checks to ensure that manual checks are recorded through the general ledger on a timely basis. In addition, we recommend that ██████ reconcile all bank reconciliations to the general ledger on a monthly basis.

View of Responsible Officials and Planned Corrective Action:

Policies and procedures documented by December 31, 2012. Reconciliation of all bank statements has been completed monthly since mid-2002. However, manual payroll checks were not recorded at the time of issuance, but rather when the payroll was issued, which could be in a subsequent month. Manual checks will be posted as they are issued effective February 2012.

Local Agency Investment Fund (LAIF)

Condition: [REDACTED]'s investment in the Local Agency Investment Fund (LAIF), as reported on the financial statements, was not adjusted to fair market value at June 30, 2011. Generally accepted accounting principles require investments be reported at fair market value, which is the amount that a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. LAIF provides the fair market value adjustment factor monthly and is accessible through its website.

Recommendation: We recommend that [REDACTED] record is investment in LAIF at fair market value on the financial statements.

View of Responsible Officials and Planned Corrective Action:

We have already changed to this method for FY11. We will modify monthly booking of investment to reflect this method. In addition, quarterly investments reports provided to [REDACTED] Board members will be modified to reflect this mention.

Review of Federal Grant Invoices

Condition: The following are control deficiencies related to expenses incurred under federal grants observed during the audit:

- [REDACTED] personnel do not clearly memorialize their approval for grant expense allowability on the Contract Payment Voucher and/or related grant expense supporting documentation. Per our understanding of the Authority's policies and procedures and from testing certain federal grant expenses, we noted that the respective Project Manager(s) reviews the expense for appropriateness and completeness and that Grants Management also reviews and approves the expense prior to submission for reimbursement to the respective grantor. However, it is not clearly denoted on the supporting documentation which person is assuming responsibility for the grant allowability review.
- The accounting system does not prevent expenses from being posted to a grant that is past the period of grant availability. We identified one accrual recorded for approximately \$1,600 under grant # 75LX077 for the Railroad Safety grant (Catalog of Federal Domestic Agency #20.301) after the period of availability ended on March 31, 2011 and the grant close-out documents were submitted to the federal funding source. This resulted in an adjustment to the general ledger and the Schedule of Expenditures of Federal Awards.

Recommendation: We recommend [REDACTED] clarify its review and approval process for grant expenses.

View of Responsible Officials and Planned Corrective Action:

The efforts to improve internal processes and procedure, and the implementation of financial systems are ongoing. [REDACTED] documents how Grant expenditures are reviewed, verified, processed, and reported to ensure compliance with all Federal, state, and local regulations. Organizational changes are expected as well as improved management and documentation on roles, responsibilities and accountability on Grants.

Inventory

Condition: Supporting acquisition cost information was not available for "inactive" inventory items for track and structures, communication and signals, and equipment selected for testing by us. The lack of documentation was due to these items being purchased in years past by the respective vendors responsible for acquiring and maintaining these assets. Management determined it was appropriate to write off this "inactive" inventory in the amount of \$4.8 million during the year ended June 30, 2011.

Recommendation: We understand that management has undertaken a number of actions over the last 12 months to better monitor and record inventory based on an assessments performed by internal audit. In addition to following through with this process, we recommend that inactive inventory items be monitored and written off when no longer useable. Furthermore, as purchasing of inventory is brought in-house, the issue on not having supporting cost information should be alleviated.

View of Responsible Officials and Planned Corrective Action:

An internal group composed of operations, finance and the chief auditor (once hired) will consider the recommendation and determine an appropriate future action plan.

Capital Assets

Condition: Costs incurred to rehabilitate and renovate specific engine locomotives are capitalized and depreciated over their estimated useful lives as a separate capital asset category.

Recommendation: We recommend that costs for rehabilitation and renovation which extend the useful life be identified with the specific asset renovated as a sub-category and depreciated over its expected useful life. Another concept that could be considered is that if a capital asset consists of separate components which have significantly different useful lives, that upon initial capitalization the asset's cost would be allocated to the separate components with each being depreciated over its estimated useful life.

View of Responsible Officials and Planned Corrective Action:

An internal group composed of operations, finance and the chief auditor (once hired) will consider the recommendation and determine an appropriate future action plan.

Revenue Recognition

Condition: We noted that revenue recognition is not recorded in accordance with generally accepted accounting principles for the monthly passes (excluding the corporate passes) and 10-trip passes. [REDACTED] begins selling monthly passes on the 15th day of the month preceding when the pass is valid (i.e. June 15th and after for July monthly passes). [REDACTED] recognizes the revenue when the pass is sold rather than for the month that the pass relates to. Additionally, the 10-trip passes, which are currently being phased out, are valid for 45 days from the date of purchase and the revenue is recorded when the pass is sold, not when the 45-day period has expired. Generally accepted accounting principles require that revenue be recognized in the period earned. The current policy of recording of revenue resulted in a passed adjustment of approximately \$2 million to increase deferred revenue and approximately \$300,000 to decrease revenue for the year ended June 30, 2011.

Recommendation: We recommend that [REDACTED] establish policies and procedures to recognize revenue for its monthly passes in the period the pass is valid.

View of Responsible Officials and Planned Corrective Action:

Incorporated into FY11 CAFR, implemented into monthly and close process and incorporated into financial reporting process effective January 2012.

Comments and Suggestions

In addition to the above internal control matters, the following are comments and suggestions with respect to matters that came to our attention in connection with our audit of the basic financial statements of [REDACTED] for the year ended June 30, 2011. These items are offered as constructive suggestions to be considered as part of the ongoing process of modifying and improving [REDACTED]'s practices and procedures:

Deposit Liabilities

Condition: [REDACTED] receives deposits from various sources for projects or activities utilizing [REDACTED] resources that are either refunded or applied (converted) as a fee for service. These deposits are initially recorded as a deposit liability within the financial statements and totaled approximately \$3,800,000 as of June 30, 2011, including over \$1,600,000 that is greater than one year old. We noted that [REDACTED] has not conducted a thorough review of these deposits to determine whether the underlying project or activity the deposit applies to have been performed or completed, requiring the deposit to be either applied to the project/activity or refunded to the respective source.

Recommendation: We recommend that [REDACTED] conduct a periodic review of these deposit liabilities, emphasizing the age of the deposits and the systems or means to support the recorded amounts to determine if the respective projects/activities have been completed. If deposits have aged significantly, it may require further investigation to determine if the deposit had previously been refunded or applied.

View of Responsible Officials and Planned Corrective Action:

Effective quarter ending March 31, 2012, a quarterly review will be conducted on deposit liabilities for appropriate action.

Treatment as Abandoned Property

Condition: In [REDACTED]'s operating account and ticket refund account, there are numerous checks outstanding that have been outstanding more than a year. Checks that have been outstanding for at least three years totaled approximately \$45,000 as of June 30, 2011.

Recommendation: To simplify the monthly reconciliation process and to ensure compliance with the State's escheat laws governing abandoned property, we recommend that [REDACTED] reissue new checks if the payees can be contacted or found. If not, we recommend that legal counsel be consulted regarding the state escheat laws and requirements to remit unclaimed assets to the appropriate governmental agency.

View of Responsible Officials and Planned Corrective Action:

As part of the reimplementation of the FIS system a review of the checks will be conducted to determine appropriate action to be taken.

Reconciliations

Conditions: The following are matters we identified from the various reconciliations [REDACTED] performs in the normal course of preparing the month-end close and year-end close of the accounting records:

- The daily cash deposits are not being reconciled with the Cash Management System (CMS). This process is only done at month-end. Doing this on a daily basis should ease the month-end reconciliation process.
- Reconciling the deferred revenue and advances on capital purchases balances at [REDACTED]'s fiscal year-end has historically taken six to nine months to prepare.

Recommendation: We understand [REDACTED] is currently assessing its accounting system and will soon implement a new accounting system that will automate more accounting transactions and reduce the amount of manual reconciliations that must be performed as part of the month-end and year-end close process. We recommend that [REDACTED] establish policies and procedures to more timely and efficiently prepare these reconciliations when implementing the new accounting system.

View of Responsible Officials and Planned Corrective Action:

Staff will consider this recommendation and take appropriate actions compliant with FTA requirements and best business practices. Policies and procedures will be documented by December 31, 2012.

Threshold for Capitalizing Assets

Condition: Currently, [REDACTED] capitalizes all capital assets with a useful life greater than one year and with a cost greater than \$5,000.

Recommendation: Due to the significant number of capital asset additions and considering the size of [REDACTED] we recommend [REDACTED] review its capitalization policy to determine if the current level

should be increased. Increasing the capitalization level could help [REDACTED] reduce the amount of effort spent on capitalizing smaller dollar items that may be immaterial to [REDACTED]'s operations.

View of Responsible Officials and Planned Corrective Action:

We are evaluating action plans to improve billing process resulting in immediate reimbursement. The new process and procedures will be implemented by January 31, 2013.

Timely Submission of Invoices for Reimbursement

Condition: We noted in testing cash management for the Railroad Safety Technology Grant, a grant [REDACTED] receives from the federal Department of Transportation, that [REDACTED] did not timely request reimbursement for eligible expenses incurred under the grant. A request for reimbursement for approximately \$1,200,000 was submitted in November 2011 for eligible expenses incurred by [REDACTED] through June 30, 2011. Not submitting timely requests for reimbursement results in undue cash flow constraints on [REDACTED] and restricts the amount of resources available to fund other operations and projects until such reimbursements are received.

Recommendation: We recommend [REDACTED] implement policies and procedures to timely submit invoices for reimbursement to its respective grantors for eligible reimbursable expenses incurred, which should result in improved cash flow.

View of Responsible Officials and Planned Corrective Action:

We have initiated immediate action to address unbilled reimbursable items. Longer term process improvements will be implemented as part of the reimplementation of the FIS. Policies and procedures will be documented by January 31, 2013.

Modified Approach to Reporting Infrastructure Capital Assets

Condition: As a condition to using the "modified approach" in recording its infrastructure assets ([REDACTED] Railroad Network), [REDACTED] must annually estimate the amount needed to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by [REDACTED] ([REDACTED] adopted a condition rating of 75 points as the minimum acceptable railroad condition index for the entire Railroad Network). For each of the last three fiscal years ended June 30, 2011, 2010 and 2009, the respective District Managers responsible for the track, signals and structures have determined the minimum funding needed to maintain this condition level to be approximately \$44,549,000, \$50,213,000 and \$49,617,000, respectively. However, actual maintenance costs incurred for each of the last three fiscal years ended June 30, 2011, 2010 and 2009 was \$10,001,000, \$23,802,000 and \$31,103,000, respectively.

Recommendation: We recommend that [REDACTED] re-evaluate the methods utilized to calculate the annual condition assessment funding levels to determine if these methods are reasonable and consistent with what is actually required to maintain and preserve the condition and performance of the [REDACTED] Railroad Network, and either adjust the condition assessment to its proper amounts or increase the amount of actual costs incurred to maintain and preserve the [REDACTED] Railroad Network.

View of Responsible Officials and Planned Corrective Action:

An internal group composed of operations, finance, and the chief auditor (once hired) will consider the recommendation and determine a future action plan.


This communication is intended solely for the information and use of the Executive Management and Audit Committee, the Board of Directors and management of [REDACTED]. However, this report is a matter of public record and its distribution is not limited.

McGladrey & Pullen, LLP

February 29, 2012

[REDACTED]

 County,

Management Letter in Accordance
with the Chapter 10.550, *Rules of the Auditor
General*
of the State of 

Year Ended September 30, 2012



McGladrey

Assurance • Tax • Consulting

Contents

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**Management Letter in Accordance with the
Rules of the Auditor General of the State of [REDACTED]**

The Honorable Mayor and Chairperson and
Members of the Board of County Commissioners
[REDACTED]

We have audited 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 of [REDACTED] (the County) as of and for the fiscal year ended September 30, 2012, and have issued our report thereon April 30, 2013. Our report was modified to include a reference to other auditors, and the restatements of the County's net assets and/or fund balance as of October 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of:

Component Units / Funds	Opinion Unit
• [REDACTED] - State Housing Initiatives Program	governmental activities
• [REDACTED] - Documentary Stamp Surtax Program	governmental activities
• [REDACTED] - Other Housing Programs	governmental activities
• [REDACTED] Clerk of the Circuit and County Courts - Special Revenue Fund	governmental activities
• [REDACTED] - Section 8 Allocation Properties Fund	business-type activities
• [REDACTED] Mixed Income Properties Fund	business-type activities
• [REDACTED] Water and Sewer Department	business-type activities - major fund
• Public Health Trust of [REDACTED]	business-type activities - major fund
• [REDACTED] Transit Department	business-type activities - major fund
• [REDACTED] Aviation Department	business-type activities - major fund
• [REDACTED] Housing Finance Authority	discretely presented component unit
• [REDACTED] Memorial Foundation, Inc.	discretely presented component unit
• [REDACTED] Housing Agency - State Housing Initiatives Program	aggregate remaining fund information
• [REDACTED] Housing Agency - Documentary Stamp Surtax Program	aggregate remaining fund information
• [REDACTED] Housing Agency - Other Housing Programs	aggregate remaining fund information
• [REDACTED] Housing Agency - Section 8 Allocation Properties Fund	aggregate remaining fund information
• [REDACTED] County Mixed Income Properties Fund	aggregate remaining fund information
• [REDACTED] County Clerk of the Circuit and County Courts - Special Revenue Fund	aggregate remaining fund information
• [REDACTED] County Clerk of the Circuit and County Courts - Agency Fund	aggregate remaining fund information
• Pension Trust Fund	aggregate remaining fund information

This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

We have issued separate reports on our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements for [REDACTED] County's seaport Department, and the Waste Management Enterprise Fund of the Public Works and Waste Management Department of [REDACTED] County.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and Chapter 10.550, Rules of the [REDACTED] Auditor General, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*. We have issued our Independent Auditor's 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*, and Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program or State Project and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Chapter 10.550, *Rules of the [REDACTED] Auditor General* and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated April 30, 2013, and June 26, 2013, respectively, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of [REDACTED]. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading "Prior Year Findings and Recommendations" in Appendix B to this report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, [REDACTED] Statutes, regarding the investment of public funds. In connection with our audit, we determined that the County complied with Section 218.415, [REDACTED] Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. The recommendations to improve the County's financial management have been addressed in "Current Year's Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls" in Appendix A to this report.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) Deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information is disclosed in Note 1 to the financial statements.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), [REDACTED] Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), [REDACTED] Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the County for the fiscal year ended September 30, 2012, filed with the [REDACTED] Department of Financial Services pursuant to Section 218.32(1)(a), [REDACTED] Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

The County's responses to the recommendations to improve the County's financial management have been addressed in "Current Year's Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls" in Appendix A to this report. We did not audit the County's response, and accordingly, we express no opinion on it.

Pursuant to Chapter 119, [REDACTED] Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Honorable Mayor and members of Board at County Commissioners and management, of the County and the [REDACTED] Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey LLP

[REDACTED]
April 30, 2013

Index of Current Year Findings

No.	Current Year's Observations and Recommendations
2012-01	Self-Insurance Fund Deficit
2012-02	Self-Insurance Rate
2012-03	Bank accounts
2012-04	Derivative Instrument Credit Risk
2012-05	Significant Accounting Transactions

**Appendix A – Current Year's Recommendations to Improve
Financial Management, Accounting Procedures and
Internal Controls**

2012-01 – Self-Insurance Fund Deficit

Criteria: GASB Statement 34, paragraph 68 states that internal service funds may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds are specifically designed for goods or services that are provided on a cost reimbursement basis. An internal service fund should be used to measure the full cost of providing goods or services for the purpose of fully recovering that cost through fees or charges to other funds.

Condition: We noted that the County's self-insurance fund significantly reduced its overall deficit in the fiscal year ended September 30, 2012, by approximately \$42.662 million; however an accumulated deficit of approximately \$3.368 million, still existed as of September 30, 2012.

Cause: The rates established to charge each participating fund and/or departments of the County were not sufficient to reimburse the costs of operating the self-insurance fund.

Effect: The County may not have enough resources accumulated to fully liquidate insurable liabilities as they become due. In addition, by not properly allocating these charges to the various funds and functions, the County is not factoring in all of the County's cost that are applicable in order to accurately establish rates and fees for services that are charged by the County to external parties.

Recommendation: We recommend that the County review its self-insurance program, to ensure that the rates charged to user funds and/or departments are sufficient to sustain the self-insurance program and ensure that reserves will be replenished in order to fund the accumulated deficit. The rates charged by the internal service fund to the other funds should be based on a systematic method and adjusted periodically so that internal service fund revenues and expenses are approximately equal and results in the elimination of the accumulated deficit.

Views of responsible officials and planned corrective actions: Management continues to review the self-insurance rates on an annual basis as part of the budget preparation, with the goal to budget sufficient funds to cover annual costs and reduce the incurred but not reported (IBNR) liability each year in the Self-Insurance Fund.

**Appendix A – Current Year's Recommendations to Improve
Financial Management, Accounting Procedures and
Internal Controls**

2012-02 – Self Insurance Rate

Criteria: The discount rate used for the valuation of the self-insurance liability should be consistent with the market risk-free rate.

Condition: The County's discount, which is being used as a component to compute the self-insurance liability, is not consistent with the current market risk-free rates.

Cause: The annual interest rate of 4.40% used for discounting is not consistent with the market risk-free rates for instruments with long-term durations.

Effect: Failure to use an appropriate discounting rate could lead to an error in estimating the County's self-insured losses and improper funding of the County's self-insured plan.

Recommendation: We recommend that the County review the interest rates used for discounting their self-insurance liability to ensure that the rate is consistent with the current market risk-free rate.

Views of responsible officials and planned corrective actions: Management analyzed the interest rate and conferred with the actuaries preparing the estimates. Based on their experience and comparisons to other similar entities, the actuaries did not feel the rate would lead to material discrepancies in the estimate. During fiscal year 2012, the rate was reduced from 4.75% to 4.40%. Management continues to review the estimates annually and consult with its actuaries.

**Appendix A – Current Year's Recommendations to Improve
Financial Management, Accounting Procedures and
Internal Controls**

2012-03– Bank Accounts

Criteria: Internal control policies and procedures requires upervisory review of all bank accounts, performance of timely monthly reconciliations, and proper recording and disposition of reconciling items of bank accounts.

Condition: We noted that the County was not performing a supervisory review of the County's Health Plan Checking Account.

Context: The finding is considered systemic in nature.

Cause: Lack of proper tools and resources necessary to ensure bank reconciliations are performed in a timely manner and reconciling items are properly treated.

Effect: Failure to adhere to internal control policies and procedures requiring the timely reconciliation and supervisory review of bank accounts could result in material misstatements to the financial statements and/or misappropriation of resources.

Recommendation: We recommend that management adhere to the policy which requires that bank account reconciliations be prepared and reviewed by a supervisor on a monthly basis.

Views of responsible officials and planned corrective actions: Management concurs with the recommendation and has performed a thorough review of all cash accounts to adhere to policy which requires that bank account reconciliations be prepared and reviewed by a supervisor on a monthly basis.

**Appendix A – Current Year's Recommendations to Improve
Financial Management, Accounting Procedures and
Internal Controls**

2012-04 – Derivative Instruments Credit Risk

Criteria: Internal control policies and procedures require derivative swap instrument counterparties to post collateral on the County's benefit if they are downgraded below a designated threshold. The County's policy states if the derivative termination value payable to the County is greater than \$15 million and the rating is below what is preferred by the county, collateral should be posted.

Condition: We noted that the County did not adhere to its collateral policy relating to swap derivative instruments for the Special Obligation Bonds ("SOB") 1997 A,B & C Swap and the SOB 1997 A,B & C Incremental Swap.

Context: The finding is considered systemic in nature.

Cause: The swap's ratings are based on the rating of the guarantor. The guarantor was rated "A2" by Moody's, "A+" by S&P, and "A+" by Fitch; as such the County did not deem it necessary to have collateral posted.

Effect: Failure to adhere to internal control policies and procedures exposes the county's derivative instruments to credit risk.

Recommendation: We recommend that management adhere to the policy which requires derivative termination value payable to the County greater than \$15 million with a rating below what is preferred by the county have collateral posted.

Views of responsible officials and planned corrective actions: Management concurs with the recommendation and is in the process of mitigating the credit risk by terminating the SOB 1997 A, B & C Swap and the SOB 1997 A, B & C Incremental Swap in fiscal year 2013.

**Appendix A – Current Year's Recommendations to Improve
Financial Management, Accounting Procedures and
Internal Controls**

2012-05 – Significant Accounting Transactions

Criteria: Internal control policies and procedures should provide reasonable assurance regarding the reliability of the financial reporting process, including the accurate recording and accounting of routine transactions as well as significant and unusual transactions. Also, such policies and procedures at a minimum require that all such transactions be analyzed, reviewed, and formalized in writing.

Condition: The County entered into a significant third party transaction in the prior fiscal year which resulted in an accounting correction in the current year.

Context: The condition is considered systemic.

Effect: Increases the risk of material misstatement to the financial statements.

Cause: All unique elements of the transaction were not evaluated in unison which resulted in the misinterpretation of Generally Accepted Accounting Principles ("GAAP").

Recommendation: The County is involved in and faced with various complex transactions which require a rigorous analysis of the facts and adequate accounting research. We recommend that management evaluate all non-routine and significant transactions. A "best practice" may include that the County: (1) analyze the accounting implications; (2) conduct the adequate research; and/or (3) consult with others which could include the concurrence from its independent auditors as to the proper accounting and recording implications to the financial statements.

Views of responsible officials and planned corrective actions: Documentation for significant, non-routine and unusual financial transactions is read and analyzed prior to recording in the County's financials. In some instances, staff's research and position regarding the accounting treatment is documented in white papers, discussed, reviewed and approved prior to implementation. Accounting treatment is also normally discussed and explained to the County's independent auditors in the year the transaction occurs. The agreement for construction of the baseball stadium was a unique and multifaceted contractual agreement involving multiple government entities and private partners with a series of complex financial transactions occurring over several years. Management will continue to seek concurrence from auditors for any unique and complex transactions prior to reporting.

Appendix B – Status of Prior Year Findings and Recommendations

No.	Prior Years' Observations	Observation is Still Relevant	Comment No Longer Relevant
2011-01	Self-Insurance Fund Deficit	See current year's comment at 2012-01	
2011-02	Self-Insurance Claims Information		
	X Technology (IT) System Access		
2011-03	Self-Insurance Rate	See current year's comment at 2012-03	
2011-04	IT Security (Password) Policy		X
2011-05	System Access Review		X
2011-06	Audit Log Review		X

Appendix D—Peer review

System Review Report

To the Partners of
McGladrey LLP
and the National Peer Review Committee
of the American Institute of Certified
Public Accountants Peer Review Board

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

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and audits of carrying broker-dealers, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

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

BKD, LLP

December 4, 2013



Peer Review Program

Administered by the National Peer Review Committee

American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

December 19, 2013

Joseph Michael Adams, CPA
McGladrey LLP
1 S Wacker Dr Ste 800
Chicago, IL 60606

Dear Mr. Adams:

It is my pleasure to notify you that on December 12, 2013 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is October 31, 2016. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Betty Jo Charles
Chair, National Peer Review Committee
nprc@aicpa.org 919 402-4502

cc: John Mark Edwardson; Andrew V. Lear

Firm Number: 10046712

Review Number 347652

Letter ID: 850189

Appendix E- Comprehensive Annual Financial Reports

Cook County Comprehensive Annual Financial Report

Miami-Dade County Comprehensive Annual Financial Report

Southern California Regional Rail Authority

Appendix F – Contract Considerations

Nassau County Audit Services RFP – Contract Considerations

Standard Clauses for Nassau County Contracts:

3(c) "Information" may also be used as necessary to meet professional industry regulatory requirements, such as peer review or regulatory inspection.

5(a) Contractor requests replacement with the following alternate clause:

The Contractor shall be solely responsible for and shall indemnify and hold harmless the County, its officers, employees, and agents (the "Indemnified Parties") from and against any and all liabilities, losses, costs, expenses (including, without limitation, reasonable attorneys' fees and disbursements) and damages ("Losses"), arising out of or in connection with any negligent acts or omissions of the Contractor or a Contractor Agent; provided, however, that the Contractor shall not be responsible for that portion, if any, of a Loss that is caused by the negligence of the County.

5(b) Contractor requests that should it be called upon to indemnify County in any action, Contractor shall at all times retain control of the direction of the defense.

5(c) Contractor agrees, to the extent allowable by professional industry standards.

6(b) Contractor requests that "and acceptable to the County" be stricken from this clause.

6(c) Contractor shall endeavor to meet the notification terms of this clause.

9(a) Contractor requests that access to records be limited to a representative of a regulator of the County.

Appendix EE:

(I)(b) Contractor requests this clause be stricken from the agreement.

(I)(c) Contractor requests this clause be stricken from the agreement.

www.mcgladrey.com

McGladrey LLP is the largest U.S. provider of assurance, tax and consulting services focused on the middle market, with more than 6,500 professionals and associates in 75 offices nationwide. McGladrey is a licensed CPA firm and a member of RSM, the seventh largest global network of independent accounting, tax and consulting firms.

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COUNTY OF NASSAU

CONSULTANT'S, CONTRACTOR'S AND VENDOR'S DISCLOSURE FORM

1. Name of the Entity: RSM US LLP
Address: 1185 Avenue of the Americas
City, State and Zip Code: New York, NY 10036
2. Entity's Vendor Identification Number: 42-0714325
3. Type of Business: ☐ Public Corp ☐ Partnership ☐ Joint Venture
☐ Ltd. Liability Co ☐ Closely Held Corp ☒ LLP ☐ Other (specify)
4. List names and addresses of all principals; that is, all individuals serving on the Board of Directors or comparable body, all partners and limited partners, all corporate officers, all parties of Joint Ventures, and all members and officers of limited liability companies (attach additional sheets if necessary):
A list of partners has previously been submitted to the County in December 201. We have attached a list of changes to our original listing.
5. List names and addresses of all shareholders, members, or partners of the firm. If the shareholder is not an individual, list the individual shareholders/partners/members. If a Publicly held Corporation include a copy of the 10K in lieu of completing this section.
A list of partners has previously been submitted to the County in December 201. We have attached a list of changes to our original listing.

6. List all affiliated and related companies and their relationship to the firm entered on line 1, above (if none, enter "None"). Attach a separate disclosure form for each affiliated or subsidiary company.

None

7. List all lobbyists whose services were utilized at any stage in this matter (i.e., pre-bid, bid, post-bid, etc.). The term "lobbyist" means any and every person or organization retained, employed or designated by any client to influence - or promote a matter before - Nassau County, its agencies, boards, commissions, department heads, legislators or committees, including but not limited to the Open Space and Parks Advisory Committee and Planning Commission. Such matters include, but are not limited to, requests for proposals, development or improvement of real property subject to County regulation, procurements, or to otherwise engage in lobbying as the term is defined herein. The term "lobbyist" does not include any officer, director, trustee, employee, counsel or agent of the County of Nassau, or State of New York, when discharging his or her official duties.

(a) Name, title, business address and telephone number of lobbyist(s):

None

(b) Describe lobbying activity of each lobbyist. See page 4 of 4 for a complete description of lobbying activities.

N/A

(c) List whether and where the person/organization is registered as a lobbyist (e.g., Nassau County, New York State):

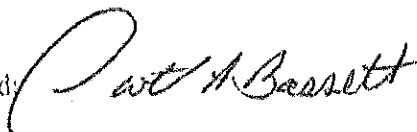
N/A

8. VERIFICATION: This section must be signed by a principal of the consultant, contractor or Vendor authorized as a signatory of the firm for the purpose of executing Contracts.

The undersigned affirms and so swears that he/she has read and understood the foregoing statements and they are, to his/her knowledge, true and accurate.

Dated: 2-29-2016

Signed:



Print Name: Scott Bassett

Title: Partner

The term lobbying shall mean any attempt to influence: any determination made by the Nassau County Legislature, or any member thereof, with respect to the introduction, passage, defeat, or substance of any local legislation or resolution; any determination by the County Executive to support, oppose, approve or disapprove any local legislation or resolution, whether or not such legislation has been introduced in the County Legislature; any determination by an elected County official or an officer or employee of the County with respect to the procurement of goods, services or construction, including the preparation of contract specifications, including by not limited to the preparation of requests for proposals, or solicitation, award or administration of a contract or with respect to the solicitation, award or administration of a grant, loan, or agreement involving the disbursement of public monies; any determination made by the County Executive, County Legislature, or by the County of Nassau, its agencies, boards, commissions, department heads or committees, including but not limited to the Open Space and Parks Advisory Committee, the Planning Commission, with respect to the zoning, use, development or improvement of real property subject to County regulation, or any agencies, boards, commissions, department heads or committees with respect to requests for proposals, bidding, procurement or contracting for services for the County; any determination made by an elected county official or an officer or employee of the county with respect to the terms of the acquisition or disposition by the county of any interest in real property, with respect to a license or permit for the use of real property of or by the county, or with respect to a franchise, concession or revocable consent; the proposal, adoption, amendment or rejection by an agency of any rule having the force and effect of law; the decision to hold, timing or outcome of any rate making proceeding before an agency; the agenda or any determination of a board or commission; any determination regarding the calendaring or scope of any legislature oversight hearing; the issuance, repeal, modification or substance of a County Executive Order; or any determination made by an elected county official or an officer or employee of the county to support or oppose any state or federal legislation, rule or regulation, including any determination made to support or oppose that is contingent on any amendment of such legislation, rule or regulation, whether or not such legislation has been formally introduced and whether or not such rule or regulation has been formally proposed.

Gregware, Daniel

From: Blanco, Sergio
Sent: Monday, February 29, 2016 2:42 PM
To: Gregware, Daniel
Subject: FW: RSM Contract Amendment
Attachments: Partner List_001

From: Katz, Jen [<mailto:Jen.Katz@rsmus.com>]
Sent: Monday, February 29, 2016 12:35 PM
To: Avera, Raymond; Bassett, Scott
Cc: Olney, Michael; Blanco, Sergio
Subject: RE: RSM Contract Amendment

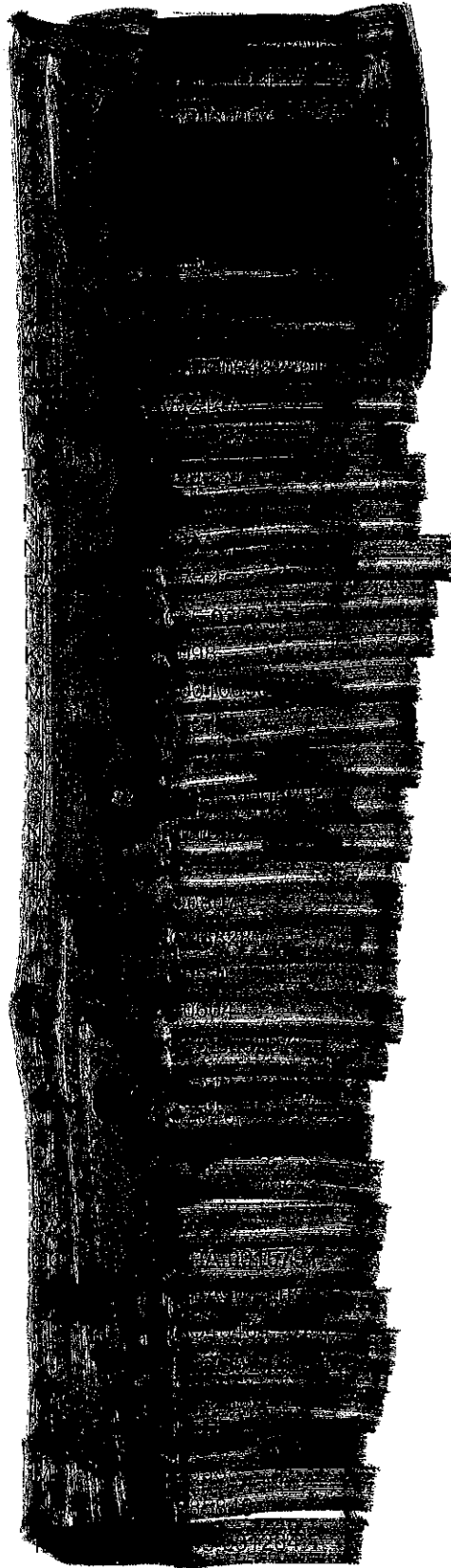
After a lot of back and forth we decided that it was fastest/easiest to send you a current listing of partners rather than just a listing of the changes since the previous report we provided.

Please confirm you have everything you need from us at this time.

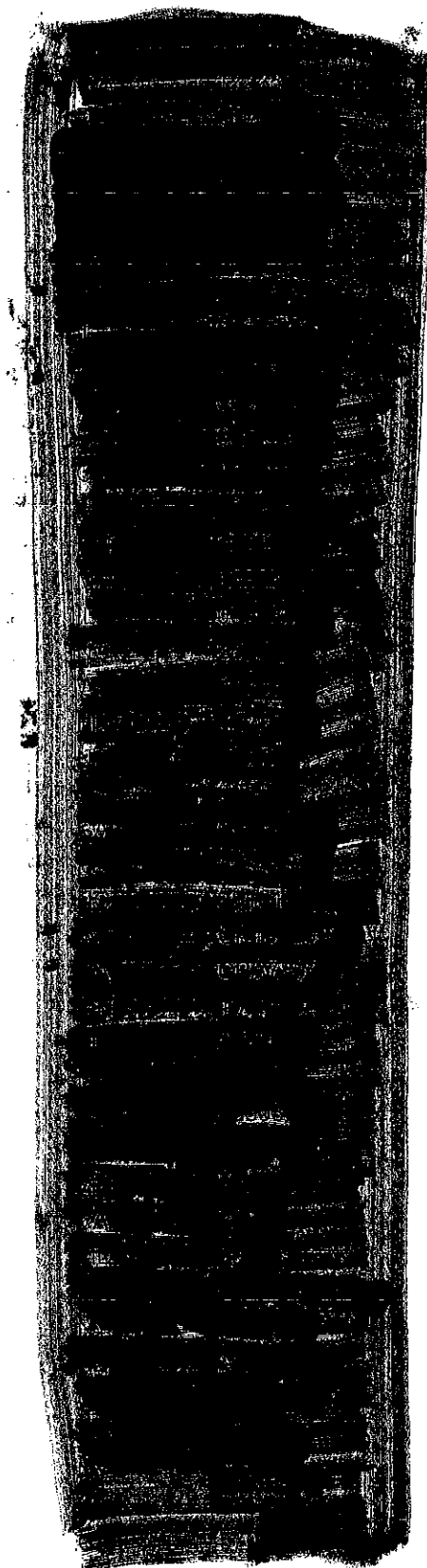
Thanks,
Jen

Name	Lic State	License #
Abernethy, Linda S	IL	[REDACTED]
Adams, Joseph M	IL	[REDACTED]
Adams, Robert Daniel	DC	[REDACTED]
Adams, Robert Daniel	LA	[REDACTED]
Adinolfi, Jonathan D	NC	[REDACTED]
Adinolfi, Jonathan D	TX	[REDACTED]
Adkisson, Jay	WI	[REDACTED]
Ahlheim, John	IL	[REDACTED]
Ahlheim, John	MO	[REDACTED]
Albano, Richard	NJ	[REDACTED]
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Almonte, Ernest	MA	[REDACTED]
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Altshuler, Jeffrey M	CA	[REDACTED]
Alzfan, Alan D	NY	[REDACTED]
Anderson, Chad	AZ	[REDACTED]
Anderson, Chad	MN	[REDACTED]
Anderson, Christopher V	IA	[REDACTED]
Anderson, Kelly L	FL	[REDACTED]
Anderson, Kelly L	PR	[REDACTED]
Anderson, Kelly L	VA	[REDACTED]
Anderson, Mark	MA	[REDACTED]
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Anderson, Michael	AL	[REDACTED]
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Andrews, David M	OH	[REDACTED]
Antman, Marvin R	NY	[REDACTED]
Antonopoulos, Nikolaos George	IL	[REDACTED]
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Arata, James L	CT	[REDACTED]
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Archer, John	NC	[REDACTED]
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Atwell Jr, Alan George	NC	[REDACTED]
Aubrey, Nancy L	MA	[REDACTED]
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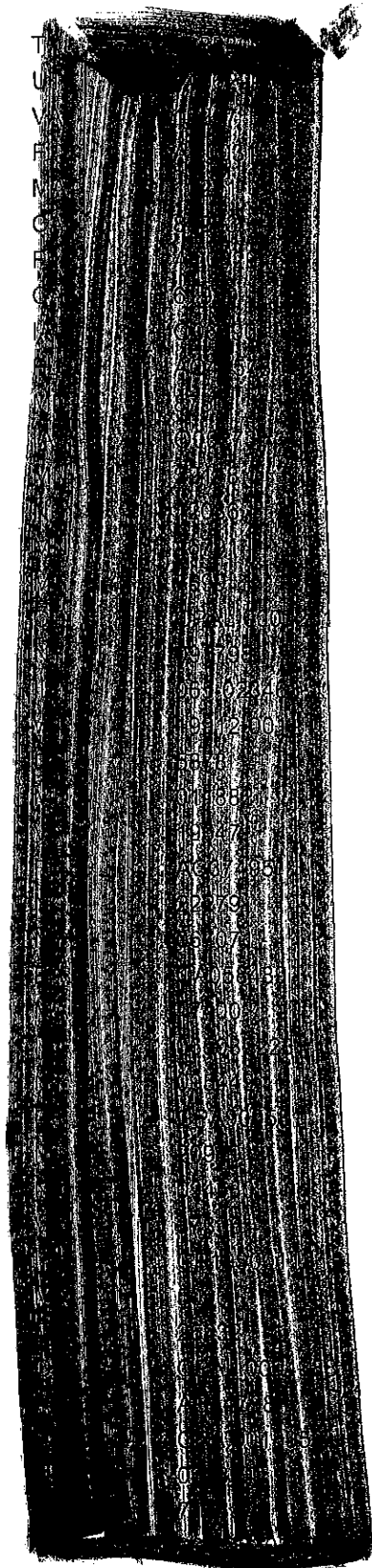
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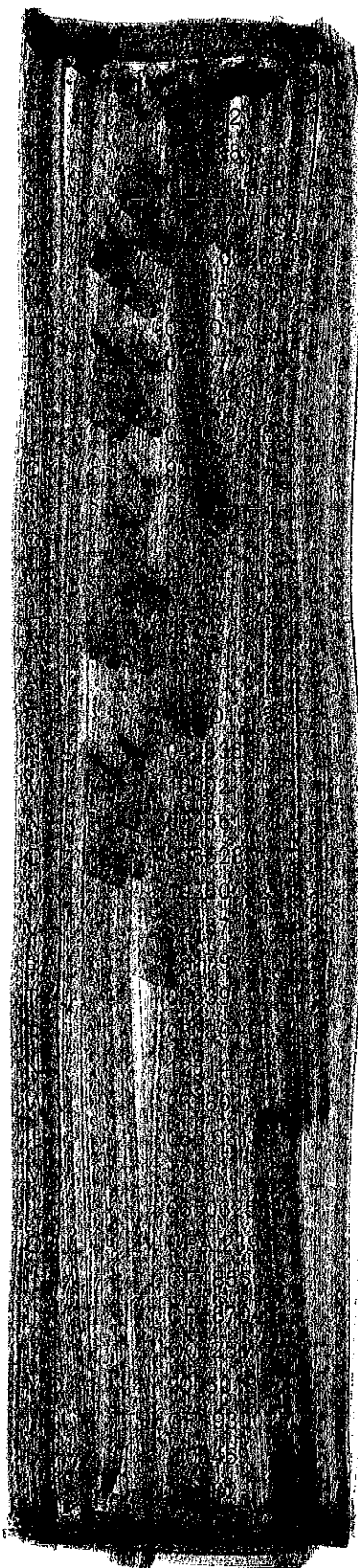
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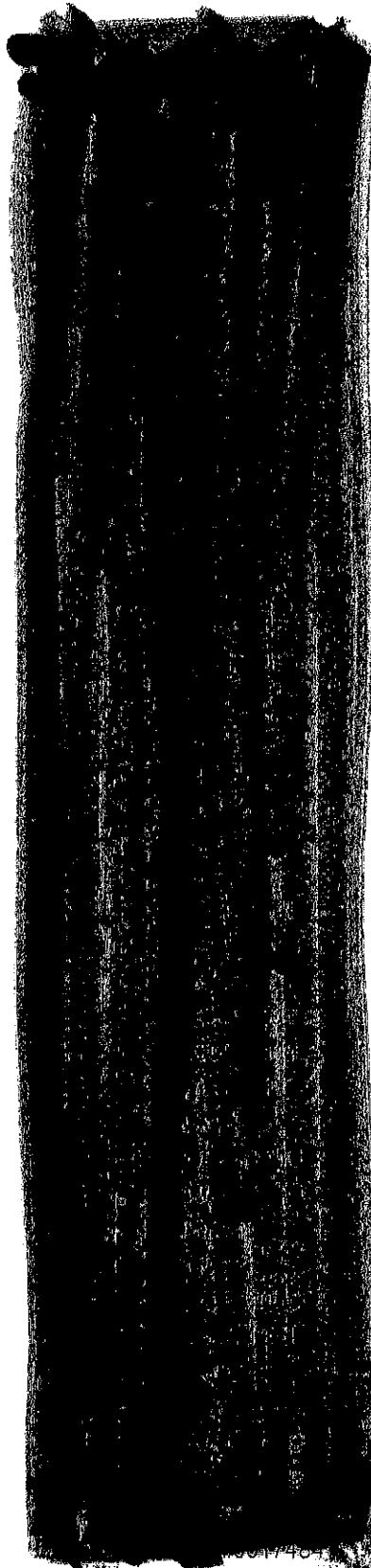
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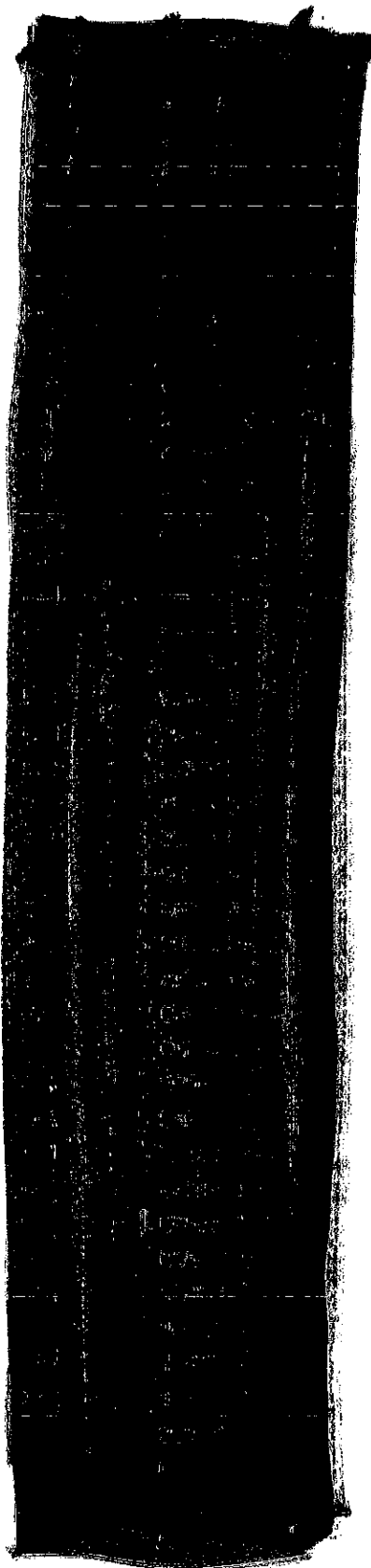
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Collins, Korey Lee
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Craft III, H. Charles
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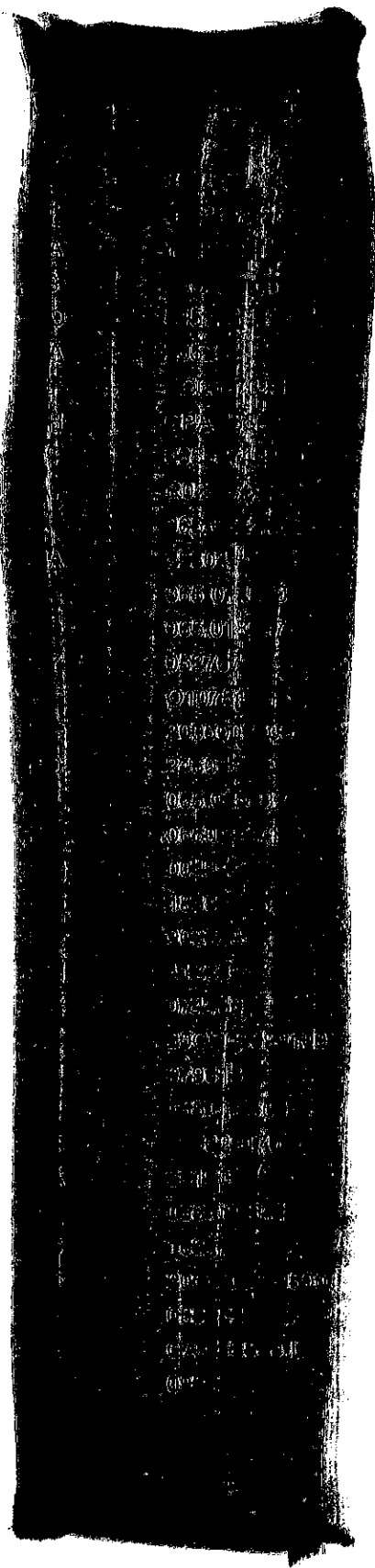
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de la Fe, Sergio
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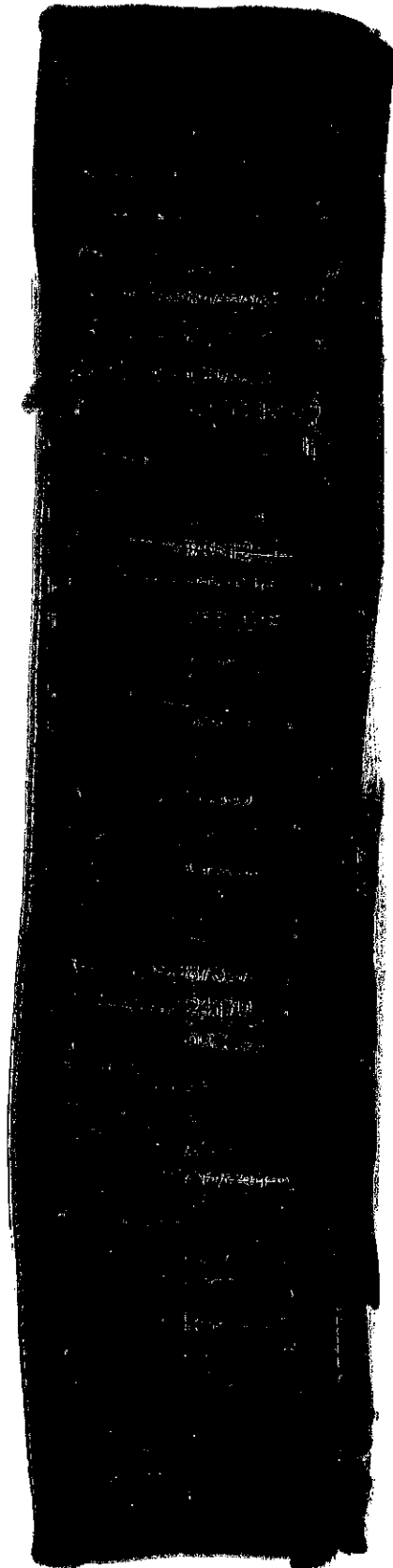


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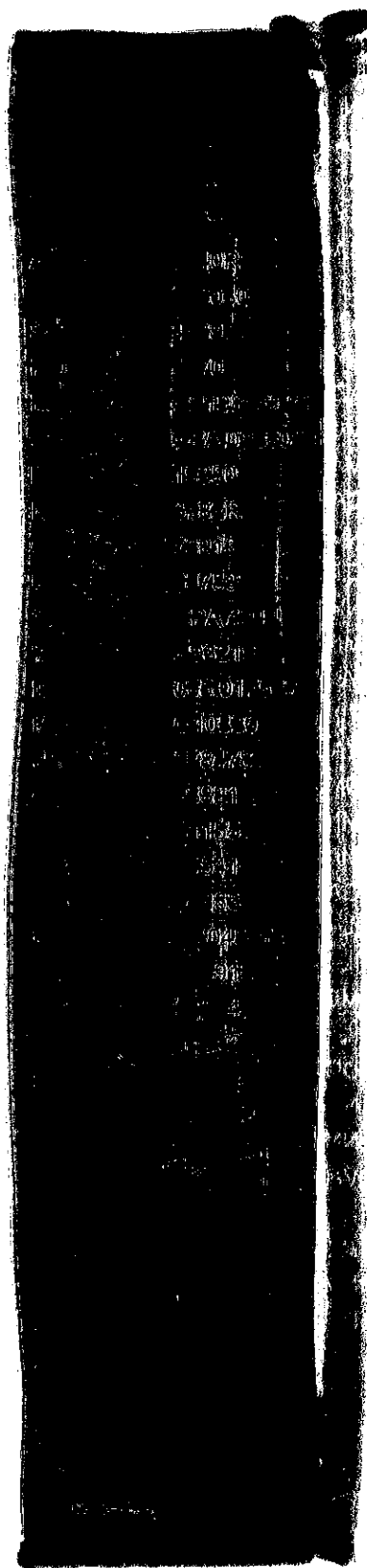
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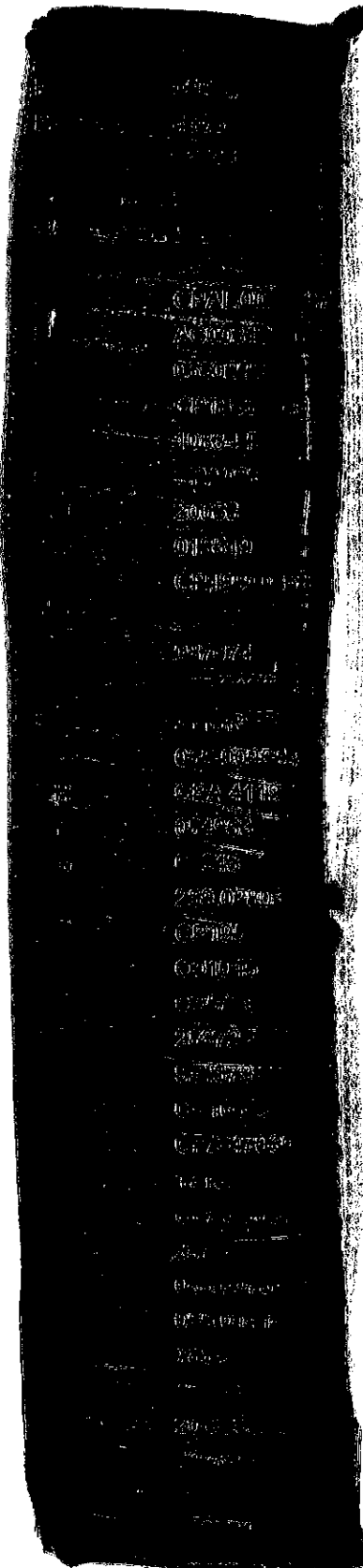
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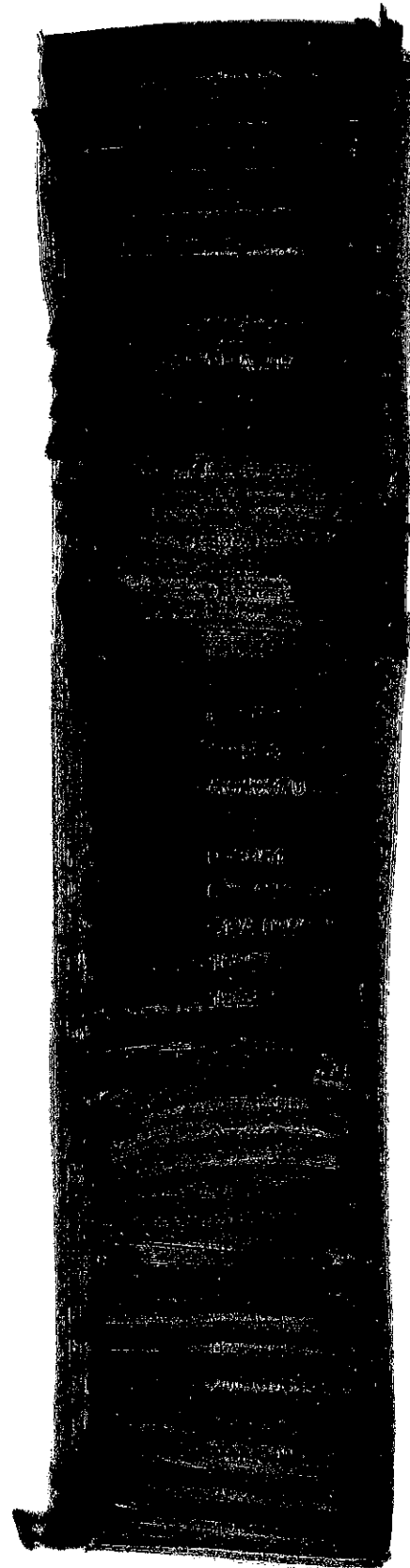


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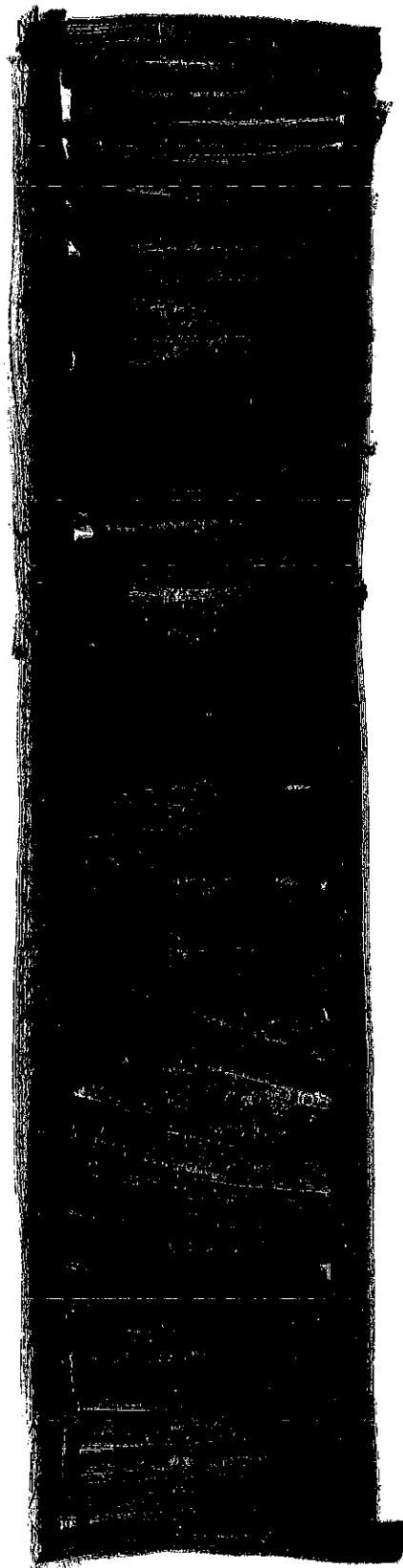


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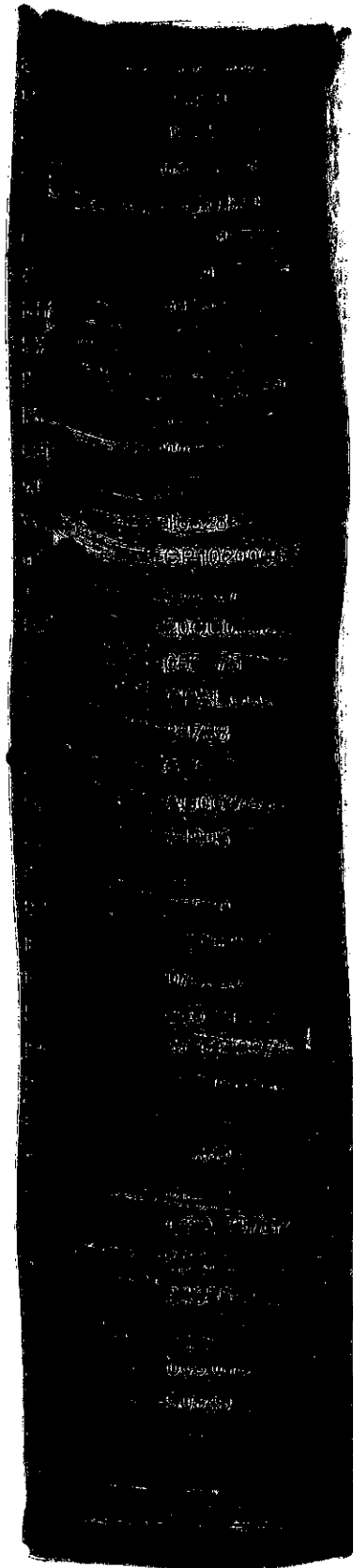
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Shear,Eugene
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Shlinger, Harry
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Silver, David
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Simms, George
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Simonson, Beryl D
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Sims, Leslie A
Singer, Cristin
Sisler, Melissa R
Sjoholm, Joseph P
Smaroff, Duke G
Smith, David N
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Smith, James M
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Smith, Michael D
Smith, Roger K
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Sneeringer, Thomas J
Snyder, Mark L
Sobhy, Mohamed
Sokolowski, Christopher J
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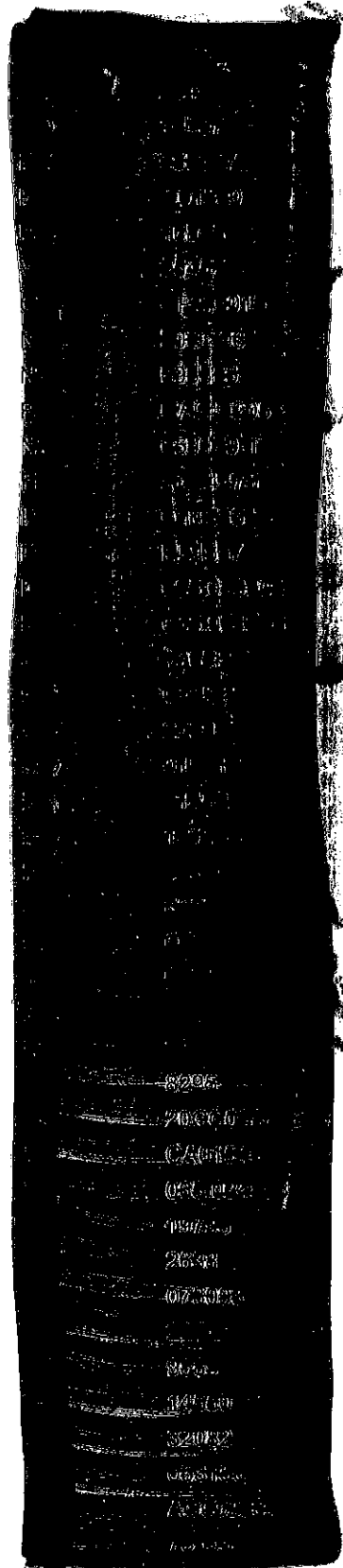
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Strauss,Amanda Claire
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Sundar Raj,Kartik
Swanson,Andrew C
Sweeney,James P
Szczepaniak,Anthony
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Tasel,Murat
Tassitano,Tamara K
Taub,Stuart
Ten Pas,Harlan M
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Trager,Michael H
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Tramp, Chad P
Tritabaugh, Adam W.
Tucker, Richard J
Tunling, Marty J
Umphress, Victoria Y
Valderrama, James
Valentine, Gretchen L
Van Wert, David
Vandenberghe, Daniel A
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Varga, Gerald
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Verdick, Martin E
Vergo, Michael J
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Vial, Paul R
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Vitaie, Leslie P
Vogelsang, William
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Volpe, Ralph A
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Wagner, Jr, Horace
Wagner, Robert E
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Walch, James M
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Wall, Daniel M
Wallace, Keith T
Wallgren, Donald
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Warley, Carol G
Warren, Andrew
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Wasserman, Philip M
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Watkins, Larry W
Watson, James A
Wax, Laurie F
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Weber, John
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Weber, Michael B
Weber, Ryan J
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Wehrheim, Richard D.
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Weil, Lynne
Wells, William E
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Wetzel, Daniel
Wheadon, Daniel J
Whelan, Daniel
Whetstone, Tracy
Wickwire, Craig D.
Wilgenbusch, Scott
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Wilkens, Thomas Lee
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Wilks, Shad W
Williams, Colleen A
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Williams, Dana C
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Williams, Michael F
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Wilson, Lisa T
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Wilson-Jones, Darcella A



Windlinger, John R
Windram, Thomas
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Wischmeyer Jr, Thomas A
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Wood, David
Woodworth, William J
Worden, Clay
Wozniczka, John
Wright, Rodlee J
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Wright, Thomas M
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Yager, Jeffrey H
Yonowitz, Arthur
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Young, Richard J
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