

REQUEST FOR PROPOSALS
FOR
FINANCIAL AUDIT OF
UTAH COUNTY GOVERNMENT

RFP #2017-5

FEBRUARY 2017

TABLE OF CONTENTS

Section 1: Introduction

1.1 Objective1
1.2 Background Information1
1.3 Duration of Work2
1.4 Detailed Scope of Work3

Section 2: Procurement Rules and Procedures

2.1 Overview of RFP Procedures4
2.2 Rules of Procurement4
2.3 Procurement Timetable5
2.4 Disqualification of Proposals5
2.5 Contact Information5

Section 3: Instructions for Proposal Preparation and Submission

3.1 Proposal Organization6
3.2 Submitting a Proposal6

Section 4: Proposal Requirements

4.1 Title Page7
4.2 Transmittal Letter7
4.3 Peer Review Report7
4.4 Cost Proposal Form8
4.5 Signature Page Form8
4.6 Vendor Certification Form8
4.7 W-9 Form8

Section 5: Evaluation Criteria

5.1 Evaluation Criteria8

Section 6: Terms and Conditions

6.1 Terms and Conditions9
6.2 Conflict of Interest10

Exhibit A: Cost Proposal Form11

Exhibit B: Signature Page12

Exhibit C: Vendor Certification Form13

Exhibit D: Sample Contract14

SECTION 1: INTRODUCTION

1.1 OBJECTIVE

Utah County is soliciting competitive proposals from qualified independent auditing firms to provide audit services. It is anticipated that this Request for Proposal (“RFP”) may result in a contract award to a single contractor.

This RFP is designed to provide interested offerors with sufficient basic information to submit proposals meeting minimum requirements, but is not intended to limit a proposal’s content or exclude any relevant or essential data. Offerors are at liberty and are encouraged to expand upon the specifications to evidence service capability.

1.2 BACKGROUND INFORMATION

Utah County Government (the “County”) was established in 1850. The County’s fiscal year end is December 31.

The County currently has the following funds:

- Governmental Funds
 - General Fund
 - Special Revenue Funds
 - Department of Drug and Alcohol Prevention and Treatment
 - Health Department
 - Transportation Projects
 - Grants / Outside Projects
 - Children’s Justice Center
 - Inmate Benefit
 - Outside Law Enforcement Contracts
 - Transient Room Tax
 - Tourism, Recreation, Cultural, and Convention Facilities Tax
 - Assessing and Collecting
 - Utah County Service Area No. 6 (blended component unit)
 - Utah County Service Area No. 7 (blended component unit)
 - Utah County Service Area No. 8 (blended component unit)
 - Utah County Service Area No. 9 (blended component unit)
 - Utah Valley Roads Special Service District (blended component unit)
 - Soldier Summit Special Service District (blended component unit)
 - Municipal Building Authority of Utah County, Utah
 - Debt Service Fund
 - Capital Projects Fund
- Proprietary Funds
 - Motor Pool (internal service fund)
 - Jail Kitchen (internal service fund)
 - Building Maintenance (internal service fund)
 - Telephone (internal service fund)
 - Radio (internal service fund)
 - Information Technology (internal service fund)
- Agency Trust Funds

In addition to these funds, there are additional component organizations that are part of the County as defined by Governmental Accounting Standards Board Statement No. 61. They are:

- North Pointe Solid Waste Special Service District
- Timpanogos Special Service District
- Wasatch Mental Health Special Service District
- North Fork Special Service District
- Utah Valley Convention & Visitors Bureau

For the fiscal year ended December 31, 2015, the County reported the following financial information:

- Total assets of \$160,018,645 for all governmental funds.
- Total liabilities of \$26,157,687 for all governmental funds.
- Total revenues of \$202,286,979 for all governmental funds.
- Total expenditures of \$203,074,009 for all governmental funds.
- Total ending fund balances of \$131,156,467 for all governmental funds.
- Outstanding debt service principal balance of \$213,380,000.

The County uses an in-house developed software for its accounting applications. The software is Oracle-based and is supported by the County's Information Systems Department.

The County receives federal and state financial assistance. In 2015, approximately \$29 million was recognized as revenue from a variety of federal, state, and local governmental grants and contracts. The 2015 Single Audit Report shows approximately \$16 million in expenditures of federal awards.

The County contributes to multiple employer-defined benefit pension plans administered by the Utah State Retirement System, including plans covering regular and public safety employees. The County also maintains a 401(k) plan, a 401(a) plan covering non-public safety employees, and a plan under Internal Revenue Code Section 457.

The County is required by law (*Utah Code 17-36-39*) to provide an annual audit of its financial statements by a Certified Public Accountant in accordance with generally accepted auditing standards.

This requirement includes: (1) a financial statement audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, (2) a State Compliance Audit, in accordance with the *State Compliance Audit Guide* issued by the Office of the Utah State Auditor, and (3) a Single Audit in accordance with the Single Audit Act and OMB Circular A-133.

The general accounting and financial reporting functions of the County are mostly centralized in the Utah County Auditor's Office; however, most departments maintain fiscal records customized to meet their unique needs. The County also has an internal audit staff of three employees.

Prior year reports for the County can be found on the Utah County Auditor's website at: <http://www.UtahCounty.gov/Dept/ClerkAud/FinancialReports.html>.

1.3 DURATION OF WORK

The audit contract resulting from this RFP will cover the annual audits for each of the calendar years ending December 31, 2016 through December 31, 2020, subject to annual performance evaluations, budget appropriations, and County needs.

The County reserves the right to review the contract on a regular basis regarding performance and cost analysis and may negotiate price and service elements during the term of the contract.

1.4 DETAILED SCOPE OF WORK

A. AUDIT STANDARDS

The offeror shall perform a financial audit, a state compliance audit, and a single audit of the County for each fiscal year of the contract period in accordance with the following:

- Auditing standards generally accepted in the United States of America, as promulgated by the American Institute of Certified Public Accountants (“AICPA”).
- The *AICPA Audits of State and Local Governmental Units* audit and accounting guide.
- The most current revision of *Government Auditing Standards*, published by the U.S. Government Accountability Office.
- For the state compliance audit: The *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor.
- For the single audit: OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* and related OMB A-133 Compliance Supplement (as applicable).

B. REPORTING REQUIREMENTS

1. Financial Report – The offeror shall audit the financial statements and records of the County and shall issue an auditor’s opinion on those financial statements. Such financial statements shall be prepared in conformity with accounting principles generally accepted in the United States of America. The offeror will assist the County’s efforts to obtain the Government Finance Officers Association’s Certificate of Achievement of Excellence in Financial Reporting.
2. Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters – The offeror shall issue a report on internal control over financial reporting and on compliance and other matters in accordance with *Government Auditing Standards*.
3. Reports Required for the OMB Circular A-133 Audit – The offeror shall prepare all necessary audit reports and schedules required by OMB Circular A-133.
4. Report Required for State Compliance Audit – The offeror shall prepare and include a statement expressing positive assurance of compliance with State fiscal laws and other financial issues related to the expenditure of funds received from federal, state, or local governments identified in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor. This statement is in addition to the compliance opinion required as part of the single audit.
5. Management Letter – As appropriate, the offeror shall prepare a comprehensive management letter including the auditor’s findings and recommendations relative to the internal control over financial reporting, compliance with laws and regulations, as applicable, and adherence to generally accepted accounting principles.

The offeror shall request written responses from County officials for each recommendation and shall include such responses in the letter. If the County declines the opportunity to respond, the offeror shall so state in its letter.

6. Reporting Deadlines – The audit must be completed and an electronic copy of each of the reports must be submitted to the County by June 24 of the year following the year being audited.

C. **CONTRACTUAL ARRANGEMENTS**

1. Document Retention – Workpapers and reports for the audit must be retained for a period of five years after the completion of the audit and made available for inspection by the County or government auditors, including the Office of the Utah State Auditor, if requested by them.
2. Compensation for Services – Payment for the audit will be made by the County within 30 (thirty) days after an invoice is submitted after the audit reports have been presented to the Board of County Commissioners.
3. Availability of Staff – The County’s staff will be available to prepare schedules and trial balances and to provide documentation as their schedules permit during the course of the audit.

SECTION 2: PROCUREMENT RULES AND PROCEDURES

2.1 OVERVIEW OF RFP PROCEDURES

The procedure for the issuance of this RFP, evaluation of proposals, and selection of an independent auditor is as follows:

- Interested entities will prepare and submit their proposals according to the Procurement Timetable in Subsection 2.3.
- The County and/or its representatives will evaluate all submitted proposals to determine acceptance or rejection of the proposals.
- The selected offeror will be required to sign a contract, which is included in this RFP as Exhibit D.

2.2 RULES OF PROCUREMENT

This RFP shall conform to and is governed by and subject to the Utah County Procurement Rules and Regulations.

All proposals must be submitted in the proposal format outlined in Section 3 of this RFP.

All offerors must meet the required criteria as of the date of submission.

All materials submitted in response to this RFP become the property of the County and will not be returned. Proposals submitted may be reviewed and evaluated by any person at the discretion of the County.

The County has established certain requirements with respect to proposals to be submitted by offerors. The use of “shall,” “must,” or “will” in this RFP indicates a requirement or condition from which a material deviation will not be approved by the County.

The County reserves the right to negotiate separately with any source whatsoever in any manner necessary to serve the best interests of the County.

The County reserves the right to reject any or all proposals or waive minor irregularities when to do so would be in the best interests of the County. Minor irregularities are those which will not have a significant adverse effect on overall competition or performance levels.

The County may not award a contract solely on the basis of this RFP and will not pay for the information solicited or obtained. The information obtained will be used in determining the proposal that best meets the County’s needs and is the most advantageous proposal received. No oral, telephonic, or electronic proposals or modifications will be considered.

The offeror agrees that the County may terminate this procurement procedure at any time, and the County shall have no liability or responsibility to the offeror for any costs or expenses incurred in connection with this RFP, or such party’s response.

An entire proposal cannot be identified as “PROTECTED,” “CONFIDENTIAL,” or “PROPRIETARY,” and may be considered non-responsive if marked as such.

2.3 PROCUREMENT TIMETABLE

REQUIRED ACTIVITY	SCHEDULED DATE
RFP Issuance Date	Thursday, February 23, 2017
Closing Date for Receipt of Proposals	Friday, March 24, 2017 (3:00 PM MDT)
Notification of RFP Result	Friday, March 31, 2017

2.4 DISQUALIFICATION OF PROPOSALS

The occurrence of any of the following may result in disqualification of a proposal:

- Failure to submit proposal by the established submission deadline.
- Failure to completely answer all questions posed in the RFP.
- Failure to provide requested documentation at the time of proposal submission.
- Illegible responses.
- Failure to evidence a satisfactory record of integrity.
- Failure to qualify legally to contract.

2.5 CONTACT INFORMATION

All questions regarding this RFP must be submitted through the SciQuest website.

All inquiries relating to SciQuest should be directed to:

Robert Baxter, Purchasing Manager
Phone: 801-851-8233
Email: RobertB@UtahCounty.gov

SECTION 3: INSTRUCTIONS FOR PROPOSAL PREPARATION AND SUBMISSION

3.1 PROPOSAL ORGANIZATION

The proposal must include (in the following order):

- Title page
- Transmittal letter
- Peer review report
- Completed Cost Proposal Form provided in Exhibit A of this RFP
- Signed Signature Page Form provided in Exhibit B of this RFP
- Completed Vendor Certification Form provided in Exhibit C of this RFP, including any required attachments
- Completed W-9 form

3.2 SUBMITTING A PROPOSAL

By submitting a proposal in response to this RFP, the offeror is acknowledging that the requirements, scope of work, and evaluation process outlined in the RFP are fair, equitable, not unduly restrictive, understood, and agreed to. Any exceptions to the content of the RFP must be protested to the County prior to the closing date and time for submission of the proposal.

Proposals must be received by the submission deadline of Friday, March 24, 2017 no later than 3:00 p.m. MDT. Proposals received after the deadline will be late and ineligible for consideration.

The preferred method of submitting a response to the proposal is by email in PDF format to RobertB@UtahCounty.gov with a subject line of PROPOSAL – AUDIT SERVICES. If an electronic response is not feasible, mail one (1) original and three (3) copies of your proposal to the County at the following address:

Utah County Government
PROPOSAL – AUDIT SERVICES
Attn: Robert Baxter, Purchasing Manager
100 East Center Street, Suite 3600
Provo, UT 84606-3159

Any mailed proposals must still arrive by the submission deadline of Friday, March 24, 2017 no later than 3:00 p.m. MDT.

Selection of the contractor will be made by Friday, March 31, 2017, and all offerors submitting proposals will be notified immediately as to the selection results.

SECTION 4: PROPOSAL REQUIREMENTS

4.1 TITLE PAGE

The title page must show the title of the RFP and the firm's name.

4.2 TRANSMITTAL LETTER

The transmittal letter shall be on the bidder's official business letterhead and must be signed by an authorized agent of the firm. The letter of transmittal shall include:

- A. General Overview of Firm – This section should contain a general description of the firm, including size, indication of whether the firm is local/regional/national/international in operations, the address of the office which would provide the services requested, the number of professional staff by staff level employed at that office, and firm's website address, if applicable.
- B. Key Contacts – This section should identify the supervising employee who will be assigned to the engagement and one other key contact person along with their contact information including, but not limited to, mailing address, business/cell phone number(s), and email address. Other personnel who will have key roles in the work should also be identified.
- C. Résumé Section – This section should contain brief résumés for the key professional staff who will be assigned to this engagement. Summary information should be provided covering the professional qualifications, continuing professional education, and experience of the supervising and supporting personnel who would perform the requested work.
- D. Qualifications Section - This section should describe the firm's experience in providing auditing services for governmental entities.
- E. Significant Prior Engagements – This section should list the most significant engagements that are similar to the scope of work described in this RFP and that have been performed in the last five years for other governmental entities by the firm's office that will be responsible for the work.
- F. Current Clients – This section should list the governmental entities currently audited by the firm and the fiscal year end of those governmental entities.
- G. Approach – This section should describe the general audit work plan that will be utilized to accomplish the scope defined in this RFP. The audit work plan should demonstrate the offeror's understanding of the audit requirements and the audit tests and procedures to be applied in completing the audit plan. The description of the audit work plan should also detail the expected number of audit hours by staff level required to complete the audit.

4.3 PEER REVIEW REPORT

A copy of the offeror's most recent peer review report must be included in the submission.

4.4 COST PROPOSAL FORM

The Cost Proposal Form attached as Exhibit A must be completed and included in the submission. The not-to-exceed costs listed on the Cost Proposal Form shall be inclusive of all costs for all of the specified services requested in Section 1.4. Under no circumstances will the County pay more than the not-to-exceed fee listed on the Cost Proposal Form, including out-of-pocket expenses.

All pricing must be guaranteed for the entire term of the contract and is based upon successful completion of the audit within the time frame provided.

4.5 SIGNATURE PAGE FORM

The Signature Page Form attached as Exhibit B must be executed and included in the submission. The Signature Page Form will be signed, in ink, by a principal of the business who is authorized to execute the contract. Penciled signatures or notations will not be accepted.

4.6 VENDOR CERTIFICATION FORM

The Vendor Certification Form attached as Exhibit C must be completed, witnessed by a notary, and included in the submission.

4.7 W-9 FORM

A completed W-9 form (Request for Taxpayer Identification Number and Certification) must be included in the submission. The W-9 form is not included with this RFP but a blank form is available upon request.

SECTION 5: EVALUATION CRITERIA

5.1 EVALUATION CRITERIA

Proposals will be evaluated and ranked according to the following evaluation criteria:

% OF SCORING WEIGHT	EVALUATION CRITERIA
Mandatory	Licensing, independence, peer review, and ability to meet audit deadline
10%	Responsiveness of proposal
10%	Geographic location of key personnel and responsible office
15%	Experience and reputation of firm
25%	Qualifications and expertise of staff
40%	Proposed not-to-exceed Fee (Cost Proposal Form)

The County reserves the right to reject any and all proposals submitted and to request additional information from all offerors. Any contract awarded will be made to the offeror who, based on evaluation of all responses, is determined to be the best to perform the audit.

Purchasing will use the following formula to score the Proposed Not-to-Exceed Fee (Cost of the Audit): The points assigned to each offeror's fee proposal will be based on the lowest proposed fee. The offeror with the

lowest proposed fee will receive 100 percent of the Cost of the Audit points. All other offerors will receive a portion of the total points based on what percentage higher their proposed fee is than the lowest proposed fee. An offeror whose proposed fee is either double or more than double the lowest proposed fee will receive no points. The formula to compute the points is: $40 \times (2 - \text{Proposed Fee}/\text{Lowest Proposed Fee})$.

All proposals will be evaluated by authorized representatives of Utah County (the "Selection Committee"). The above-noted weighted average criteria will be used by each member of the Selection Committee to individually score each proposal. Each member of the Selection Committee will then ordinarily rank each proposal from highest to lowest evaluation score. The highest-scored proposal will receive a rank of '1' (one), which represents the best, or first-place, rank. Purchasing will compile the rankings of all members of the Selection Committee. If any proposal receives a majority of first-place votes, then that proposal will represent the best value for the County and will be recommended for award of the contract. If no proposal receives a majority of first place votes, then the proposal with the lowest average ranking will be removed from consideration and the rankings will be recast. That process will be repeated until one proposal receives a majority of first-place votes. The final first-place proposal will represent the best value for the County and will be recommended for award of the contract. The Selection Committee will consider all criteria in performing a comprehensive evaluation of each proposal.

SECTION 6: TERMS AND CONDITIONS

6.1 TERMS AND CONDITIONS

The County will award a contract in reliance upon the information contained in proposals submitted in response to the RFP. The County will be legally bound only when, and if, there is a definitive signed agreement with the awarded contractor.

Any person who signs a proposal or contract on behalf of an offeror certifies that he or she has the authority to so act.

The successful offeror whose proposal is accepted may be required to answer further questions and provide further clarification of the proposal and responses.

Receiving this RFP or responding to it does not entitle any entity to participate in services or transactions resulting from or arising in connection with this RFP. The County shall have no liability to any person or entity under or in connection with this RFP unless and until the County and such person shall have executed and delivered a definitive written agreement.

By responding to this RFP, each offeror acknowledges that neither the County nor any of its representatives is making or has made any representation or warranty, either express or implied, as to the accuracy or completeness of any portion of the information contained in this RFP. The offeror further agrees that neither the County nor any of its representatives shall have any liability to the responding party or any of its representatives as a result of this RFP process or the legal use of the information contained in this RFP. Only the terms and conditions contained in a contract when, and if, executed, and subject to such limitations and restrictions as may be specified therein, may be relied upon by the parties in any manner as having any legal effect whatsoever.

No oral modifications or amendments to this RFP or any resulting contract shall be effective, but such may be modified or amended by a written agreement signed by the parties.

If it becomes necessary to revise any part of this RFP, an addendum will be provided to all who received an RFP.

Pursuant to this RFP, a contract will be executed, a copy of which is attached (see Exhibit D). The contract period will be for the audit of the County's fiscal year ended December 31, 2016, commencing when executed. The County shall have an option, pursuant to that contract, to renew the contract for four additional annual audits upon the same terms and conditions.

Exceptions and or additions to the contract are strongly discouraged. Exceptions and additions must be submitted with the proposal response. Exceptions, additions, service level agreements, etc. submitted after the date and time for receipt of proposals will not be considered. URLs are prohibited from any language included in the final contract document.

The County retains the right to refuse to negotiate on exceptions should the exceptions be excessive or not in the best interests of the County, or if the negotiations could result in excessive costs to the County or could adversely impact existing time constraints.

6.2 CONFLICT OF INTEREST

The successful offeror will be required to certify, through execution of the contract, that no person in the County's employment, directly or through subcontract, will receive any private financial interest, direct or indirect, as a result of the contract. The successful offeror will not be allowed to hire nor subcontract with any person having such conflicting interest.

**EXHIBIT A
COST PROPOSAL FORM**

	Not-to-Exceed Fee
Audit Services for the Year Ended December 31, 2016	\$ _____
Audit Services for the Year Ended December 31, 2017	\$ _____
Audit Services for the Year Ended December 31, 2018	\$ _____
Audit Services for the Year Ended December 31, 2019	\$ _____
Audit Services for the Year Ended December 31, 2020	\$ _____

NOTES:

1. All amounts are to include out-of-pocket expenses.
2. Any deviation from this format may result in disqualification of proposal.

**EXHIBIT B
SIGNATURE PAGE**

I hereby certify that the information submitted by me/my company in response to this request for proposal, including pricing and other information, is true and accurate.

I understand that Utah County has the right to reject any or all proposals and to waive minor irregularities when to do so would in the best interests of Utah County.

I hereby certify that me/my company is independent of Utah County and is unaware of any potential conflicts of interest if it were selected to perform the requested work.

Name of Firm _____

Signature _____

Print Name _____

Print Title _____

Date _____

**EXHIBIT C
VENDOR CERTIFICATION FORM**

To receive full consideration, submitted proposals must contain responses to **all** questions. **Failure to respond to all questions may result in exclusion from participation in this RFP.**

	YES	NO
Is your firm currently involved in arbitration or litigation for any reason? If "yes," attach explanation.	<input type="checkbox"/>	<input type="checkbox"/>
Has your firm or any partner or officer ever been involved in any bankruptcy action? If "yes," attach explanation.	<input type="checkbox"/>	<input type="checkbox"/>
Has your firm or any partner or officer ever been listed on the Excluded Parties List System?	<input type="checkbox"/>	<input type="checkbox"/>
Are any of the firm's owners, officers, employees, or agents also employees of Utah County, or related to any employees of Utah County? If "yes," attach explanation.	<input type="checkbox"/>	<input type="checkbox"/>
Is your firm properly licensed for practice as a certified public accountant in the State of Utah?	<input type="checkbox"/>	<input type="checkbox"/>
Is your firm registered to do business in the State of Utah?	<input type="checkbox"/>	<input type="checkbox"/>
Does your firm meet the <i>Government Auditing Standards'</i> continuing professional education, independence, peer review, and licensing requirements?	<input type="checkbox"/>	<input type="checkbox"/>
Has your firm had experience in governmental auditing? <i>The experience must have been on an entity-wide basis, and an opinion must have been issued.</i>	<input type="checkbox"/>	<input type="checkbox"/>
Can your firm meet the reporting deadlines described in this Request for Proposal?	<input type="checkbox"/>	<input type="checkbox"/>
Does your firm owe any property taxes to Utah County Government?	<input type="checkbox"/>	<input type="checkbox"/>
Prior to commencing work, will your firm be able to supply a Certificate of Insurance as described in Section 25 of Exhibit D? If "no," attach explanation.	<input type="checkbox"/>	<input type="checkbox"/>

AFFIDAVIT

The undersigned of lawful age, being first duly sworn, disposes and says: That as a condition precedent to the award of the Utah County project as above captioned,

I, _____, a duly authorized representative of _____,
(name of owner, partner, officer, or delegate) (firm's name)

do hereby certify that the responses on this form are true and correct and do solemnly swear that neither I, nor to the best of my knowledge any member or members of my firm or company, have either directly or indirectly restrained free and competitive bidding on this project by entering into any agreement, participating in any collusion, or otherwise taking any action unauthorized by Utah County, with regard to this contract or bidding process.

Signature: _____ Title: _____ Date: _____
(signature) (please print)

Sworn to and subscribed before me this _____ day of _____, 20____.

Notary Seal:

Notary: _____
My commission expires _____

**EXHIBIT D
SAMPLE CONTRACT**

AGREEMENT NO. 2017 - _____

AGREEMENT

THIS AGREEMENT, made and entered into this ___ day of March, 2017, by and between **UTAH COUNTY**, a body corporate and politic of the State of Utah, hereinafter referred to as the **COUNTY**, and, _____, hereinafter referred to as **INDEPENDENT AUDITOR**.

WITNESSETH:

WHEREAS, COUNTY is required by law to cause an audit to be made of the accounts of all officers of COUNTY; and

WHEREAS, COUNTY desires to have performed a financial and compliance audit of COUNTY for the fiscal year ended December 31, 2016; and

WHEREAS, COUNTY has received funds from the federal government under grants, agreements, and programs which require audits under the guidelines of the Office of Management and Budget (“OMB”) Circular No. A-133; and

WHEREAS, to meet the requirements of OMB Circular No. A-133, COUNTY desires to have performed a single compliance audit of those federal awards for the fiscal year ended December 31, 2016; and

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter set forth, the parties hereto, legally intending to be bound hereby, do covenant and agree for themselves and their respective successors and assignees, as follows:

1. INDEPENDENT AUDITOR agrees to provide the following services in a professional manner:
 - a. **Report on Financial Statements.** For the fiscal year ended December 31, 2016, INDEPENDENT AUDITOR, in accordance with generally accepted auditing standards, as promulgated by the American Institute of Certified Public Accountants (“AICPA”), the *AICPA Audits of State and Local Governmental Units* audit and accounting guide, and the *Government Accounting Standards* published by the United States General Accounting Office, shall audit the financial statements and records of COUNTY and shall issue an auditor’s opinion on COUNTY’S financial statements (with an in-relation-to opinion on combining and supplementary information). Such financial statements shall be prepared in conformity with generally accepted accounting principles. Separate reports on internal controls and on compliance, as referred to below, shall also be issued.
 - b. **Management Report Based on the Audit of the Financial Statements.** The following four sections of this report should be bound together in a single document.
 - (1) Report on the Internal Control Structure Based on an Audit of General-Purpose or Basic Financial Statements Performed in Accordance with *Government Auditing Standards*. INDEPENDENT AUDITOR shall report on its understanding of COUNTY’S internal control structure and the assessment of control risk made as part of the financial and compliance audit. The report shall identify, at a minimum: (a) the scope of INDEPENDENT AUDITOR’S work in obtaining an understanding of the internal control structure and in assessing the control risk; (b) COUNTY’S significant internal controls or control structure, including the controls established to ensure compliance with laws and regulations that have a material impact on the financial statements; and (c) the reportable conditions, including the identification of material weaknesses, identified as a result of INDEPENDENT AUDITOR’S work in understanding and assessing the control risk.

(2) Report on Compliance Based on an Audit of the General-Purpose or Basic Financial Statements Performed in Accordance with *Government Auditing Standards*. INDEPENDENT AUDITOR shall report on its testing of compliance with federal and state laws and regulations performed as part of the financial and compliance audit. The report must identify occurrences of noncompliance with laws and regulations that are material and all instances or indications of illegal acts which could result in criminal prosecution. Also, the report must contain a statement of positive assurance on items tested.

(3) Findings and Recommendations. INDEPENDENT AUDITOR shall report findings and recommendations relative to the internal control structure, compliance with laws and regulations, adherence to generally accepted accounting principles, and efficiency of operations. The report shall contain all reportable conditions and all instances or indications of illegal acts. INDEPENDENT AUDITOR shall request written responses from COUNTY officials for each recommendation and shall include such responses in the report.

(4) Status of Prior Findings and Recommendations. INDEPENDENT AUDITOR shall also report on COUNTY'S progress in implementing prior audit recommendations.

- c. **Single Audit Report.** For the fiscal year ending December 31, 2016, INDEPENDENT AUDITOR, in accordance with the standards cited above and the additional standards contained in the Single Audit Act, OMB Circular No. A-133, and AICPA SOP 92-7, *Audits of State and Local Governmental Entities Receiving Federal Financial Assistance*, shall issue the following reports. These reports shall be bound together with COUNTY'S Schedule of Federal Financial Assistance and accompanying Notes.

(1) Report on Supplementary Schedule of Federal Financial Assistance. The report should comply with Statement on Auditing Standards ("SAS") No. 29, *Reporting on Information Accompanying the Basic Financial Statements in Auditor Submitted Documents*. The report must reference to the audit having been performed in accordance with standards for financial and compliance audits contained in the *Government Auditing Standards*, to meet the requirements of OMB Circular No. A-133.

(2) Single Audit Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs. This report is required to address INDEPENDENT AUDITOR'S consideration of the internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. This report must include all significant internal control structure policies and procedures used in administering federal financial assistance programs and should be prepared in accordance with the criteria set forth in SAS No. 55, *Consideration of the Internal Control Structure in a Financial Statement Audit*, and SAS No. 60, *Communication of Internal Control Structure Related Matters Noted in an Audit*, and SAS No. 68, *Compliance Auditing Applicable to Governmental Entities and Other Recipients of Governmental Financial Assistance*.

(3) Single Audit Opinion on Compliance With Specific Requirements Applicable to Major Federal Financial Assistance Programs. INDEPENDENT AUDITOR shall express an opinion as to whether COUNTY complied, in all material respects, with the specific requirements applicable to major federal financial assistance programs.

(4) Single Audit Report on Compliance With the General Requirements Applicable to Federal Financial Assistance Programs. INDEPENDENT AUDITOR shall report on COUNTY'S compliance with the general compliance requirements described in the OMB Compliance Supplement.

(5) Single Audit Report on Compliance With Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions. If, in connection with the audit of COUNTY'S financial statements or the consideration of the internal control structure over federal financial assistance programs, INDEPENDENT AUDITOR selects for testing transactions from federal financial assistance programs

other than major programs, INDEPENDENT AUDITOR shall report on COUNTY'S compliance with those requirements applicable to nonmajor federal financial assistance programs.

(6) Schedule of Findings and Questioned Costs. INDEPENDENT AUDITOR shall prepare a Schedule of Findings and Questioned Costs that shall report all questioned costs, regardless of materiality. The findings and recommendations associated with each questioned cost shall be included in the Schedule of Findings and Questioned Costs. INDEPENDENT AUDITOR shall request written responses from COUNTY officials for each questioned cost and its accompanying finding and recommendation, and shall include such responses in the report.

(7) Findings and Recommendations. INDEPENDENT AUDITOR shall report on findings and recommendations relative to the internal control structure, compliance with laws and regulations, and adherence to generally accepted accounting principles which could have an effect on COUNTY'S federal financial assistance programs. The report shall contain all reportable conditions, all instances of noncompliance, and all instances or indications of illegal acts. INDEPENDENT AUDITOR shall request written responses from COUNTY officials for each recommendation, and shall include such responses in the report.

(8) Status of Prior Findings and Recommendations. INDEPENDENT AUDITOR shall also report on COUNTY'S progress in implementing prior audit recommendations.

Scope of Single Audit Work.

Major and Minor Grant Work. A major federal financial assistance program for COUNTY is defined as one exceeding the calculated threshold of combined expenditures. This should not be construed as a restriction on the work required for the opinion on the financial statements. All other grants at COUNTY are considered minor grants and are subject to a preliminary review in accordance with AICPA SOP 92-7, *Audits of State and Local Governmental Entities Receiving Federal Financial Assistance*, paragraphs 4.9 through 4.11. INDEPENDENT AUDITOR should note that its preliminary review is to be focused on systems and not individual grants. Additionally, all transactions selected in connection with the audit of the financial statements and the consideration of the internal control structure that relate to or are charged to minor federal financial assistance programs shall be tested for compliance with the federal laws and regulations.

General Compliance Work. INDEPENDENT AUDITOR will also be required to perform audit work on general compliance areas for federal grants as described in the OMB Compliance Supplement and as identified below:

- Davis-Bacon Act, if applicable
- Civil Rights
- Relocation Assistance and Real Property Acquisition, if applicable
- Cash Management
- Federal Reporting Requirements
- Political Activity
- Allowable Costs/Cost Principles
- Drug-Free Workplace Act
- Administrative Requirements

d. State Compliance Audit. For the fiscal year ended December 31, 2016, INDEPENDENT AUDITOR, in accordance with the *State Compliance Audit Guide* issued by the Office of the Utah State Auditor, shall issue the following reports bound together in a single document.

(1) Report on State Compliance Audit. INDEPENDENT AUDITOR shall express an opinion on COUNTY'S compliance with the requirements identified by the Office of the Utah State Auditor in the most

current version of the *State Compliance Audit Guide*. The opinion shall include a statement expressing positive assurance of compliance with State fiscal laws and other financial issues related to the expenditure of funds received from federal, state, or local governments identified in the *State Compliance Audit Guide*.

(2) Independent Auditor’s Management Letter. The Management Letter shall identify any reportable conditions in internal controls over state legal compliance and all instances of noncompliance with state legal issues discovered by INDEPENDENT AUDITOR.

(3) County’s Response to the Management Letter. INDEPENDENT AUDITOR shall bind COUNTY’S response with INDEPENDENT AUDITOR’S Management Letter.

e. Addressing of Reports. All reports shall be addressed to COUNTY management.

f. Delivery of Reports. INDEPENDENT AUDITOR is to deliver a draft of the Report on the Financial Statements to COUNTY no later than the second Tuesday of June (for the fiscal year ended December 31, 2016, this date is June 13, 2017). INDEPENDENT AUDITOR is to deliver one (1) copy in PDF format of the final Report on the Financial Statements, Management Report, Single Audit Report, and Report on State Compliance to COUNTY no later than the Wednesday before the last Tuesday of June (for the fiscal year ended December 31, 2016, this date is June 21, 2017). These deadlines may be extended by COUNTY if, in the opinion of COUNTY, circumstances existing beyond the control of INDEPENDENT AUDITOR prevent completion on or before the deadlines.

2. INDEPENDENT AUDITOR agrees to make available all working papers, audit programs, and time control records associated with the audit of COUNTY upon request by COUNTY during performance of the audit or at the completion of the audit, for a quality control review. INDEPENDENT AUDITOR also agrees to furnish copies of all working papers, audit programs, and time control records upon request. Working papers and reports shall be retained by INDEPENDENT AUDITOR for a minimum of five (5) years from the date of the audit report. These same documents will be made available to federal and state agencies in accordance with OMB Circular No. A-133 and state law.

3. INDEPENDENT AUDITOR shall promptly inform COUNTY regarding any indication of errors, irregularities, or illegal acts that may come to its attention in connection with the audit.

4. It is understood that the not-to-exceed fee, including all out-of-pocket expenses, for the services of INDEPENDENT AUDITOR, as set forth in paragraph 1 above, shall be \$ _____. This not-to-exceed fee consists of all the financial audit services and all the single audit services.

5. COUNTY shall have the option to extend this contract for audit services for each of the succeeding four (4) fiscal years, at the absolute discretion of COUNTY. If the option is exercised, the not-to-exceed fee, including all out-of-pocket expenses, for services of INDEPENDENT AUDITOR will be as follows:

Fiscal Year Ended December 31, 2017	\$ _____
Fiscal Year Ended December 31, 2018	\$ _____
Fiscal Year Ended December 31, 2019	\$ _____
Fiscal Year Ended December 31, 2020	\$ _____

6. Final payment shall be made upon completion of the audit and upon receipt of INDEPENDENT AUDITOR’S reports as stipulated in paragraph 1.f. INDEPENDENT AUDITOR shall submit a written invoice for services rendered and COUNTY shall pay the invoiced fee within thirty (30) days after receipt of the invoice by COUNTY. Invoices shall be submitted by email to AP@UtahCounty.gov. If electronic submission is not available, invoices shall be mailed to:

Utah County Auditor’s Office
Attn: Accounts Payable

100 East Center Street, Suite 3600
Provo, UT 84606

7. It is expressly understood and agreed that in no event will the amounts to be paid by COUNTY to INDEPENDENT AUDITOR under this Agreement exceed the fee and conditions made a part of this contract.
8. INDEPENDENT AUDITOR agrees to notify COUNTY in writing prior to changes of partner, manager, supervisor, or senior personnel assigned to COUNTY'S audit.
9. COUNTY assumes no liability for any legal expenses.
10. INDEPENDENT AUDITOR confirms that it is independent of COUNTY as defined in the AICPA's Rules of Conduct, Rule 101, and the requirements of the *Government Auditing Standards*, published by the United States General Accounting Office.
11. INDEPENDENT AUDITOR confirms that it is properly licensed for public practice as a certified public accountant in the State of Utah and that it does not have a record of substandard work.
12. INDEPENDENT AUDITOR agrees not to discriminate against any individual because of race, color, religion, age, sex, disability, or national origin, and that there shall not be a factor in consideration for employment, selection for training, promotion, transfer, recruitment, rates of pay, or other forms of compensation, demotion, or separation.
13. INDEPENDENT AUDITOR hereby agrees to indemnify and save harmless COUNTY and its officers, employees, and agents from and against any and all claims, demands, causes of action, orders, decrees, or judgments for injury or death or damage to person or property loss, damage, and liability (including all costs and attorney's fees incurred in defending any claim, demand, or cause of action) occasioned by, growing out of, or arising or resulting from (a) the performance of any services required herein to be performed by INDEPENDENT AUDITOR, or (b) any act or omission on the part of INDEPENDENT AUDITOR, or its agents or employees.
14. INDEPENDENT AUDITOR shall be an independent contractor and, as such, shall have no authorization, express or implied, to bind COUNTY or its agencies in any agreement, settlement, liability, or understanding whatsoever, and shall not perform any acts as agent for COUNTY except as herein expressly set forth.
15. This contract may be terminated upon 30 days' written notice by either party hereto and may be immediately terminated for cause or other bad performance by either party.
16. COUNTY shall furnish the following to INDEPENDENT AUDITOR:
 - a. All financial records, books of accounts, supporting documents, and other related records for and related to the period being audited.
 - b. Copies of COUNTY ordinances, minutes of Commission meetings, policy directives, grant agreements, contracts, leases, budgets, laws, and other pertinent documents or data, and such other information as may be required for the audit.
 - c. A management representation letter confirming oral representations made to INDEPENDENT AUDITOR.
 - d. Adequate working space and other facilities for the conduct of the audit.
 - e. All working papers normally prepared by COUNTY in connection with the accounting system, all original documents, as requested, evidencing audited transactions.
 - f. Assistance of personnel in all reasonable requests from INDEPENDENT AUDITOR as COUNTY staff time and budget will permit including, but not limited to, the preparation of account analyses, summaries, and other working papers requested.

17. INDEPENDENT AUDITOR states and affirms that it is acting as an independent contractor, holding out to the general public as an independent contractor for other work or contracts as seen fit; that it advertises services as seen fit to the general public, maintains an office or place of employment separate from COUNTY, and that this Agreement is not exclusive of other agreements, contracts, or opportunities. COUNTY is interested only in the results to be achieved, and the conduct and control of the work will lie solely with INDEPENDENT AUDITOR. INDEPENDENT AUDITOR is not to be considered an agent or employee of COUNTY for any purpose, and the employees of INDEPENDENT AUDITOR are not entitled to any of the benefits that COUNTY provides for COUNTY'S employees. It is understood that COUNTY does not agree to use INDEPENDENT AUDITOR exclusively. It is further understood that INDEPENDENT AUDITOR is free to contract for similar services to be performed for others while working under the provisions of this Agreement with COUNTY.

18. INDEPENDENT AUDITOR shall comply with all laws regarding unemployment insurance, disability insurance, and workers' compensation. INDEPENDENT AUDITOR shall furnish a Certificate of Insurance to COUNTY evidencing that INDEPENDENT AUDITOR has workers' compensation insurance for INDEPENDENT AUDITOR and all employees of INDEPENDENT AUDITOR.

19. This Agreement shall be interpreted pursuant to the law of the State of Utah. Time shall be of the essence of this Agreement. The invalidity of any portion of this Agreement shall not prevent the remainder from being carried into effect. Whenever the context of any provision shall require it, the singular number shall be held to include the plural number, and vice versa. The paragraph and section headings contained in this Agreement are for convenience only, and do not constitute a part of the provisions hereof.

20. No oral modifications or amendments to this Agreement shall be effective, but this Agreement contains the entire Agreement between the parties and cannot be modified or amended except by written agreement signed by both parties.

21. This Agreement may not be assigned without the prior written consent of COUNTY.

22. All notices, demands, and other communication required or permitted to be given hereunder shall be in writing and shall be deemed to have been properly given if delivered by hand or by certified mail, return receipt requested, postage prepaid, to the other party to this Agreement.

23. The individual signing this Agreement on behalf of INDEPENDENT AUDITOR personally warrants to COUNTY that individual is authorized to sign on behalf of and bind INDEPENDENT AUDITOR to the terms of this Agreement and that all requisite approvals, resolutions, authorizations, etc. have been obtained.

24. INDEPENDENT AUDITOR agrees to jointly and severally defend, indemnify, and hold COUNTY harmless from any and all liability whatsoever, which may arise from the performance or provision of services in accordance with this Agreement or from INDEPENDENT AUDITOR'S failure to perform its obligation under this Agreement. This obligation to indemnify shall include reasonable attorney's fees and all other reasonable costs which may arise from the INDEPENDENT AUDITOR'S actions.

25. INDEPENDENT AUDITOR agrees to carry Commercial General Liability insurance coverage equal to or greater than \$2,500,000 per occurrence. This coverage shall provide liability insurance to cover the activities of INDEPENDENT AUDITOR, including INDEPENDENT AUDITOR'S agents, employees, and subcontractors, and for all equipment and vehicles, public or private, used in the performance of this contract. The insurance shall name '**Utah County, 100 East Center Street, Provo, Utah 84606**' as a certificate holder on each coverage. Prior to commencing work, INDEPENDENT AUDITOR shall furnish a Certificate of Insurance evidencing that INDEPENDENT AUDITOR has insurance coverage equal to or greater than the above stated amounts.

26. INDEPENDENT AUDITOR shall not delegate any duties under this Agreement to any other individual, firm, or entity.

27. INDEPENDENT AUDITOR shall comply with the Workers' Compensation Act, Title 34A, Chapter 2, Utah Code Annotated, 1953 as amended, which requires employers to provide workers' compensation coverage for their employees.

28. INDEPENDENT AUDITOR certifies, through execution of the contract, that no person in COUNTY'S employment, directly or through subcontract, will receive any private financial interest, direct or indirect, in the contract. INDEPENDENT AUDITOR will not hire or subcontract with any person having such conflicting interest.

29. The invalidity of any portion of this Agreement shall not prevent the remainder from being carried into effect. Whenever the context of any provision shall require it, the singular number shall be held to include the plural number, and vice versa. The paragraph and section headings contained in this Agreement are for convenience only, and do not constitute a part of the provisions hereof. INDEPENDENT AUDITOR may not assign this Agreement without the prior written consent of COUNTY. This Agreement contains the entire Agreement between the parties and cannot be modified or amended except by written agreement signed by both parties.

IN WITNESS WHEREOF the parties have caused this Agreement to be duly executed on the date set forth above.

BOARD OF COUNTY COMMISSIONERS
UTAH COUNTY, UTAH

William C. Lee, Chair

ATTEST:

Bryan E. Thompson
Utah County Clerk/Auditor

By: _____
Deputy

APPROVED AS TO FORM:

Jeffrey R. Buhman
Utah County Attorney

By: _____
Deputy

INDEPENDENT AUDITOR:
