

**PAULDING COUNTY, GEORGIA
REQUEST FOR PROPOSALS FOR AUDIT SERVICES**

The Board of Commissioners of Paulding County is issuing this Request for Proposals for furnishing the services described herein.

Inquiries for Technical Information Should be directed to:

Tabitha Pollard, Finance Director
(678) 224-4030
tpollard@paulding.gov

Inquiries for Procurement Information Should be Directed To:

Jennifer Alford, Purchasing Manager
(770) 443-7512 ext 4033
Purchase@paulding.gov

Please indicate your intent to submit a proposal by completing a Notification of Interest in accordance with the sample format shown in Attachment D of this Request for Proposals. Return this Notification on Interest to the address listed below by April 1, 2010. Note that failure to return the Notification of Interest does not preclude prospective bidders from submitting a proposal within the specified time period. The purpose is to improve the efficiency of the proposal process and communicate timely information to interested parties on this RFP as well as future RFP's.

Paulding County Finance Department
240 Constitution Boulevard
Dallas, GA 30132

Completed proposals must be received at the address shown above by April 9, 2010 at 4:00 p.m.. Late proposals will be disqualified. In order to be considered for selection, auditors must submit a complete response to the RFP. Incomplete proposals may not be considered if the omissions are determined to be significant. Proposals must be submitted as three parts: (A) **One (1)** complete signed original of the Request for Proposal; (B) **six (6) copies** of the Technical Proposal and, (C) **two (2) copies** of the Cost Proposal. The Cost Proposal must be submitted in a sealed envelope, clearly marked "Cost Proposal," and specifying the name of the auditing firm. Paulding County reserves the right to reject any and all proposals submitted and to request additional information from all proposers. Any contract awarded will be awarded to the auditor, who, based upon evaluation of all proposals, is determined to have submitted the best proposal, considering both technical factors and cost.

In compliance with this request for proposals and to all the conditions imposed herein, the undersigned offers and agrees to furnish the services in accordance with the attached signed proposal.

Name and Address of Firm:

Date: _____

By: _____
(please print name and title)

Signature: _____

FEIN: _____

Telephone: _____

Fax: _____

Email: _____

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ATTACHMENT A: GOVERNMENT ENTITY AND RECORDS INFORMATION

ATTACHMENT B: MANDATORY PRE-QUALIFICATION FORM

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ATTACHMENT D: SAMPLE FORMAT FOR NOTIFICATION OF INTEREST
LETTER

I. GENERAL INFORMATION

A. PURPOSE

The purpose of this Request for Proposals is to establish a contract for the professional services of a Certified Public Accountant (the "auditor") for financial and compliance audits. The contract will be for the fiscal years ended June 30, 2010, through June 30, 2012 with an option to renew annually.

B. ANTICIPATED SCHEDULE OF EVENTS

The timetable for this RFP is presented below:

Issue Request for Proposal March 5, 2010
Due Date For Notification of Interest April 1, 2010
Proposals due by 4:00 PM EST April 9, 2010
Approval and Award April 29, 2010

II. PAULDING COUNTY AND RECORDS INFORMATION

Information regarding County records, systems, procedures, expenditure levels, and other relevant data is included as Attachment A to this Request for Proposal. Copies of prior audit reports, internal control survey documents, management letters, financial statements, budgets and other documents relevant to the audit engagement may be viewed by contacting the County staff listed on the cover page of this RFP.

III. STATEMENT OF NEEDS

A. AUDIT REQUIREMENTS

The audit should be conducted in accordance with generally accepted auditing standards, promulgated by the American Institute of Certified Public Accountants (AICPA) and in accordance with Government Auditing Standards issued by the Comptroller General of the United States and the Official Code of Georgia Annotated. If a Single Audit is required as a part of the annual audit, the audit shall be performed in accordance with AICPA Standards, GAAS, the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

Note: Auditors are reminded the professional standards are constantly changing and it is the auditor's responsibility to ensure that the appropriate standards are followed.

The audit shall be designed to accomplish the following objectives:

1. To determine whether the financial statements present fairly the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, Fire Tax Fund, SPLOST and Capital Projects Fund in conformity with accounting principles generally accepted in the United States of America. In addition, to determine whether the combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The auditor is not required to audit the supporting schedules contained in the comprehensive annual financial report. However, the auditor is to provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the report or the statistical section of the report.
2. To obtain an understanding of internal control over financial reporting sufficient to plan the audit by performing procedures to understand both the design of controls relevant to an audit of financial statements and whether they have been placed in operation, and assess control risk, in accordance with the American Institute of Certified Public Accountants Statement on Auditing Standards (SAS) Number 55, Consideration of Internal Control in a Financial Statement Audit, as amended by SAS Number 78, Consideration of Internal Control in a Financial Statement Audit: An Amendment to SAS No. 55; and SAS No 94, The Effect on Information Technology on the Auditor's Consideration of Internal Control in a Financial Statement Audit.
3. To provide reasonable assurance that the financial statements are free of material misstatements resulting from violations of laws and regulations that have a direct and material effect on the determination of financial statement amounts in accordance with SAS Number 54, Illegal Acts by Clients, as described in SAS Number 74, Compliance Auditing Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance, and to provide reasonable assurance about whether the financial statements are free of material misstatements (whether caused by error or fraud), as described in SAS Number 99, Consideration of Fraud in a Financial Statement Audit, and SAS Number 47, Audit Risk and Materiality in Conducting an Audit (as amended by SAS Nos. 82, 96, and 98). The Codification of Statements on Auditing Standards, Section AU 317 requires the auditor to consider laws and regulations that are generally recognized by auditors to have a direct and material effect on the determination of financial statement amounts. The auditor's responsibility to

detect and report misstatements resulting from illegal acts having a direct and material effect on the determination of financial statement amounts is the same as that for errors and irregularities. In addition, the auditor should be aware of the possibility that illegal acts that may, in particular circumstances, be regarded as having material but indirect effects on financial statements may have occurred. If specific information comes to the auditor's attention that provides evidence concerning the existence of possible illegal acts that could have a material indirect effect on the financial statements, the auditor should apply audit procedures specifically directed to ascertaining whether an illegal act has occurred.

4. To provide reasonable assurance of detecting material misstatements resulting from noncompliance with provisions of contracts or grant agreements that have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives. If specific information comes to the auditors' attention that provides evidence concerning the existence of possible noncompliance that could have a material indirect effect on the financial statements, auditors should apply audit procedures specifically directed to ascertaining whether that noncompliance has occurred. In addition, auditors should be alert to situations or transactions that could be indicative of abuse, and if indications of abuse exist that could significantly affect the financial statement amounts or other financial data, auditors should apply audit procedures specifically directed to ascertain whether abuse has occurred and the effect on the financial statement audit amounts or other financial data.
5. To follow up on known material findings and recommendations from previous audits.
6. To prepare working papers containing sufficient information to enable an experienced auditor having no previous connection with the audit to ascertain from them the evidence that supports the auditors' significant conclusions and judgments and recommendations before the auditors issue their report.

Requirements for Audit in Accordance with Single Audit Act and OMB Circular A-133

7. To determine whether the government entity complied with laws, regulations, and the provisions of contracts or grant agreements pertaining to federal awards that have a direct and material effect on each major program. With regard to internal control over compliance, the auditor is required to do the following (in addition to the requirements of Government Auditing Standards): (1) perform procedures to obtain an understanding of internal control over federal programs that is sufficient to plan the audit to support a low assessed level of control risk for major programs, (2) plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program and (3) perform tests of internal control (unless the internal control is likely to be ineffective in preventing or detecting noncompliance).

8. To verify and test expenditures of the government's Special Purpose Local Option Sales Tax proceeds. In accordance with the Official Code of Georgia Annotated, Section 48-8-121, as amended by House Bill 1433 in the 1998 Session of the Georgia General Assembly, a schedule shall be included in each annual audit which shows for each project in the resolution or ordinance calling for imposition of the Special Purpose Local Option Sales Tax the original estimated cost, the current estimated cost if it is not the original estimated cost, amounts expended in prior years, and amounts expended in the current year. The auditor shall verify and test expenditures sufficient to provide assurance that the schedule is fairly presented in relation to the financial statements. The auditor's report on the financial statements shall include an opinion, or disclaimer of opinion, as to whether the schedule is presented fairly in all material respects in relation to the financial statements taken as a whole.
9. To verify and test expenditures of the governments proceeds from the Governor's emergency fund or a special project appropriation in accordance with the Official Code of Georgia Annotated, Section 36-81-8.1. A properly completed grant certification form shall be filed on each grant with the annual audit report for each year in which such grant funds are expended or remain unexpended. If required under this Code section, the auditor shall certify that the grant funds were used solely for the express purpose or purposes for which the grant was made. The Georgia Department of Audits and Accounts can assist with the identification of grants subject to these reporting requirements and has a Grant Certification package available containing instruction and example formats.
10. Paulding County will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. Paulding County reserves the right to request special assistance to meet the requirement of that program.

B. REPORTING AND DELIVERY REQUIREMENTS

The auditor will prepare the required audit reports including those required by Government Auditing Standards and Office of Management and Budget Circular A-133 and the Official Code of Georgia Annotated at the completion of the audit.

1. Reports
 - a. **Standard report on the financial statements.** Reference should be made that the audit was conducted in accordance with generally accepted government auditing standards. The report on the financial statements should include either (1) describe the scope of the auditors' testing of compliance with laws and regulations and internal controls and present the results of those tests or (2) refer to separate reports containing that information. The auditor should issue a separate opinion, or disclaimer of opinion, as to whether the Schedule of Projects Constructed With

Special Purpose Local Option Sales Tax Proceeds is presented fairly in all material respects in relation to the financial statements taken as a whole. The audit report concerning SPLOST should be prepared in accordance with American Institute of Certified Public Accountant's Codification of Statements on Auditing Standards, Section AU 623.25.

- b. **Report on Internal Controls.** A report on reportable conditions is required and may be written or oral in accordance with the American Institute of Standards, Section AU 325. Report on Compliance and on Internal Control Over Financial Reporting based on an audit of financial statements performed in accordance with Government Auditing Standards. The report should describe the scope of the auditor's testing of compliance with laws and regulations and present the results of those tests. The report should also describe the scope of the auditor's testing of internal control and present the results of those tests. Also separate identification and written communication of all reportable conditions, including those reportable conditions that are individually or cumulatively material weaknesses, is required. As stated in paragraph 5.12 of Government Auditing Standards, "auditors should report, as applicable to the objectives of the audit (1) deficiencies in internal control considered to be reportable conditions as defined in AICPA standards, (2) all instances of fraud and illegal acts unless clearly inconsequential, and (3) significant violations of provisions of contracts or grant agreements and abuse".
- c. **Report on Compliance With Requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133 and Government Auditing Standards.**

The auditor is required to express an opinion on whether the County complied with laws, regulations, and with the provisions of contracts or grant agreements which could have a direct and material effect on each major program and, where applicable, refer to a separate schedule of findings and questioned costs. The report on internal control over major programs should describe the scope of testing internal control and the results of the tests, and, where applicable, refer to a separate schedule of findings and questioned costs.
- d. In accordance with OMB Circular A-133, the **auditor's report(s)** may be in the form of either combined or separate reports. The auditor's report(s) shall include an opinion as to whether the financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles and an opinion as to whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole. Auditors should follow the guidelines contained in the American Institute of Certified Public Accountants' Audit Guide: Audits of States, Local Governments and Not-for-Profit Organizations Receiving Federal Awards.
- e. In accordance with OMB Circular A-133, **a schedule of findings and questioned costs** is required and should include the following three components: (1) a

summary of the auditor's results; (2) findings related to the financial statements which are required to be reported in accordance with generally accepted government auditing standards; and (3) findings and questioned costs for federal awards.

- f. **Report on Grants to Counties program**, as defined in the Official Code of Georgia Annotated, Sections 48-14-3 and 36-17-1. **Report on Grants to Municipalities program**, as defined in the Official Code of Georgia Annotated, Sections 36-40-40 and 36-40-20.
2. Ten (10) copies of the above reports are required.
 3. A written management letter containing matters not included in the auditor's report on compliance and on internal control over financial reporting shall be prepared and presented to the County Administrator at the conclusion of each audit. This letter shall address all exceptions in accounting practices, immaterial instances of noncompliance with laws and regulations, and deficiencies in the internal control that are not reportable conditions as defined in American Institute of Certified Public Accountants Codification of Statements on Auditing Standards, Section AU 325. Such immaterial instances of noncompliance and deficiencies in internal control that are not reportable conditions should be referred to in the report on compliance and on internal control over financial reporting. It is important to note that all audit findings required to be reported under OMB Circular A-133 must be included in the schedule of findings and questioned costs; a separate letter may not be used to communicate such matters to top management in lieu of reporting them as audit findings in accordance with OMB Circular A-133. The auditor must offer recommendations for appropriate corrective action for each item contained in the management letter.
 4. Any other reports required shall be submitted to the County upon request.
 5. A preliminary draft of all reports shall be submitted to the County prior to their release. Paulding County will review and approve the release of all draft reports.
 6. The auditor shall send copies of the reports listed above directly to:

Tabitha Pollard, Finance Director
240 Constitution Boulevard
Dallas, GA 30132

IV. PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

A. GENERAL PROPOSAL PREPARATION REQUIREMENTS

1. Proposal Preparation

- a. Proposals shall be signed by an authorized representative of the firm. All information requested must be submitted. The mandatory requirements listed in Part IV, Section B, Paragraph 1b are required by law, regulation or will not be waived and are not subject to negotiation.
 - b. Proposals shall be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.
 - c. Each copy of the technical proposal shall be bound in a single volume and relate solely to the response to the RFP. Nothing shall be included in the technical proposal which would indicate, in whole or in part, the cost component of the proposal or would be otherwise indicative of the dollar amount associated with the technical proposal. All cost component documentation should be included in a separate sealed envelope clearly labeled as to contents. Proposals should be organized in accordance with Attachment C: Model Format of Proposal.
 - d. Ownership of all data, materials and documentation prepared for and submitted to Paulding County in response to the RFP shall belong exclusively to Paulding County and will be considered a record -prepared and maintained or received in the course of operations of a public office or agency and subject to public inspection in accordance with the Georgia Open Records Act, Official Code of Georgia Annotated, Section 50-18-70, et. seq., unless otherwise provided by law.
2. Oral presentation: Auditors who submit a proposal in response to the RFP may be required to give an oral presentation of their proposal to the Paulding County representatives. This provides an opportunity for the auditor to clarify or elaborate on the proposal. This is a fact finding and explanation session only and does not contemplate or authorize negotiation. Oral presentation is an option of the Paulding County Finance Staff in its sole discretion at their request.
 3. Costs incurred to prepare a proposal are solely those of the proposer. Nothing contained within this RFP is indicative of intent by the County to reimburse the proposer, in whole or in part, for any costs associated with preparation, submission, or presentation of proposals.

B. SPECIFIC PROPOSAL PREPARATION REQUIREMENTS

Proposals shall be as thorough and detailed as possible so that the County may properly evaluate the auditor's capabilities to provide the required services. Proposals should be organized in

accordance with Attachment C: Model Format of Proposal. Offerors shall submit the following items as a complete proposal:

1. COMPLETE, SIGNED COPY OF THE REQUEST FOR PROPOSALS
 - a. The return of this complete RFP, signed and filled out as required.
 - b. The completed Mandatory Pre-Qualification Form, Attachment B.

The purpose of the Mandatory Pre-Qualification Form is to determine if the auditor meets the following mandatory criteria:

1. The proposer is properly licensed for public practice as a certified public accountant.
2. The proposer meets the independence requirements of the Government Auditing Standards issued by the Comptroller General of the United States.
3. The auditor's staff working on or associated with the engagement must meet the continuing education requirements of the Government Auditing Standards.
4. The auditor must have recent experience in Georgia local government audits of similar scope.
5. The auditor must have full-time staff assigned to the audit sufficient for timely completion, no later than 120 days after the end of the fiscal year being audited.
6. The auditor does not have a record of substandard audit work.
7. The proposer agrees to abide by the terms and conditions established in Section VI, General Terms and Conditions and Section VII, Special Terms and Conditions.

Failure to meet the mandatory criteria will result in immediate rejection of the entire proposal and no evaluation of the remainder of the technical component or of the cost proposal will be made.

4. TECHNICAL COMPONENT OF PROPOSAL

A. Detailed written narrative statements on each of the following:

1. A description of the auditor's firm rendering the proposal, including whether the firm is international, national, regional, or local, the number of years in business, and the number of employees in the local office.
2. Experience in providing the services described herein, including relevant knowledge of and experience in applying applicable federal and state regulations.
3. Biographies, including experience of the individuals who will be assigned to the engagement, relevant experience of each in performing financial and compliance audits of entities similar to the County and recent continuing professional education of each individual assigned to the engagement.
4. A general audit plan, including information on the timing of field work, and any overview and start up work that would be required in the first audit year.

Include the approximate date the audit will begin and end for the first year, as well as approximate dates for delivery of the required reports.

5. A work plan, including an explanation of the audit methodology to be followed, to perform the services required in this request for proposals. In developing the work plan, reference should be made to such sources as the County's budget and related materials, organizational charts, programs, and financial and other management information systems. Proposers will be required to provide the following information on their audit approach:
 - a. Sampling techniques and the extent to which statistical sampling may be used in the engagement;
 - b. Extent of the use of EDP software in the engagement;
 - c. Type and extent of analytical procedures that may be used in the engagement;
 - d. Approach to be taken to gain and document an understanding of the county's internal control;
 - e. Approach to be taken in determining laws and regulations that will be subject to audit test work; and
 - f. Approach to be taken in drawing audit samples for purposes of tests of compliance.
 - g. The use of specialist during the audit must be specified.
6. The proposal should identify and describe anticipated audit problems (if any), the firm's approach to resolving these problems and any special assistance that will be requested from the County.
7. For the firm's office that would be assigned responsibility for the audit, list the most significant audit engagements (maximum of five) performed in the last three (3) years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partner (s), total hours, and the name and telephone number of the client contact.
8. There should be no dollar units or total costs included in the technical component of the proposal.

3. COST COMPONENT OF PROPOSAL

For use following the technical phase of the procurement, the following information must be included in a separate sealed envelope marked "For Cost Phase Only" as specified in this RFP, Section VII, Part H:

- Total hours required to complete the engagement for each year by personnel levels, i.e. total hours for partner, manager, supervisor, senior and junior.
 - Total fees for audit services for each year.
 - An amount of professional services, in hours, allowed each year without additional cost to the government entity. Such services will not be directly related to the annual audit.
- A separate cost proposal is required for each year of the contract period specified in Section VII, Part E of this Request for Proposals. Out-of-pocket expenses for firm personnel (e.g. travel, lodging and subsistence) will be reimbursed at the rates used by the County for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented in the sealed dollar cost bid in the format recommended in Attachment C. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm. By submitting a proposal, the proposer certifies that the firm will accept reimbursement for travel, lodging and subsistence at the prevailing rates for employees of the Paulding County.

V. EVALUATION AND AWARD CRITERIA

The following factors will be considered during the evaluation:

A. TECHNICAL FACTORS

1. Responsiveness of the proposal in clearly stating an understanding of the work to be performed, including making all required statements and affirmations. Proposals should be organized in accordance with Attachment C: Model Format of Proposal.

The following elements will be considered:

- Appropriateness and adequacy of proposed procedures;
 - Necessity of procedures;
 - Reasonableness of time estimates;
 - Appropriateness of assigned staff levels; and
 - Timeliness of projected completion.
2. Technical experience of the firm.
 3. Qualifications of staff, including recent pertinent continuing education.
 4. Size and structure of the firm.
 5. Prior experience with the firm with emphasis on report and work paper quality and track record of meeting agreed upon delivery dates.

B. COST FACTORS

Although cost is a significant factor, it will not be the dominant factor. Cost will be given more importance when all the other evaluation criteria are relatively equal. The general approach is to first identify all qualified, responsive proposers and then make an award based upon lowest cost.

If there is reason to believe that an unreasonably low proposal has been made, it will be rejected. One method of measuring reasonableness is to divide the proposed cost by a reasonable average hourly rate to show hours of effort that might be expected. Any proposal which does not include all the required statements and affirmations called for in this RFP will be automatically rejected as not being responsive.

VI. GENERAL TERMS AND CONDITIONS

A form of Agreement for Audit Services to be executed between the auditor and the County is included herein as Attachment E. Sections VI and VII contain general and special terms and conditions which will be incorporated into the Agreement by reference.

A. APPLICABLE LAW AND COURTS

This solicitation and any resulting contract shall be governed in all respects by the laws of the State of Georgia. The auditor shall comply with applicable federal, state, and local laws and regulations.

B. ETHICS IN PUBLIC CONTRACTING

By submitting their proposals, all auditors certify that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other auditor, supplier, manufacturer or subcontractor in connection with their proposals, and that they have not conferred on any government entity employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged. Auditors specifically certify by submitting their proposal that they are not in violation of the Official Code of Georgia Annotated, Sections 16-10-2 and 16-10-22, for acts of bribery and/or conspiracy in restraint of free and open competition in transactions with state or political subdivisions. Auditors contracting with the State of Georgia (or entities thereof as defined in the Act) further certify that Official Code of Georgia Annotated, Title 45, Chapter 10, Article 2, which prohibits certain public officials and employees of the State of Georgia from transacting business with certain state agencies, has not been and will not be violated in any respect by execution of this proposal and any contract resulting therefrom.

C. DEBARMENT STATUS

By submitting their proposals, all auditors certify that they are not currently debarred from submitting bids or proposals on contracts by any agency of the State of Georgia and the federal government, nor are they an agent of any person or entity that is currently debarred from submitting bids on contracts by any agency of the State of Georgia or the federal government.

D. MANDATORY USE OF TERMS AND CONDITIONS

Return of the complete document is required. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the County reserves the right to decide, on a case by case basis, in its sole discretion, whether or not to reject such a proposal.

E. CLARIFICATION OF TERMS

If any prospective auditor has questions about the specifications or other solicitation documents, the prospective proposer should contact either the Finance Director whose contact information appears on the face of the solicitation no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum issued by the Finance Director.

F. INVOICES

All interim and final invoices for services ordered, delivered and accepted shall be submitted by the auditor to: Tabitha Pollard, Finance Director, 240 Constitution Boulevard, Dallas, GA 30132, for approval prior to payment.

G. PAYMENT TERMS

The County will make payment within 10 days of receipt of a proper invoice for interim and final billings, provided that the billing has been approved by the County.

H. ASSIGNMENT OF CONTRACT

A contract shall not be assignable by the auditor in whole or in part without the written consent of the County.

I. CHANGES TO THE CONTRACT

The County may order changes within the general scope of the contract at any time by written notice to the auditor. Changes within the scope of the contract include, but are not

limited to, things such as the place of delivery. The auditor shall comply with the notice upon receipt. The auditor shall be compensated for any additional costs incurred as the result of such order and shall give the County a credit for any savings. Said compensation shall be determined by mutual agreement between the County and the auditor in writing.

J. DEFAULT

In case of failure to deliver goods or services in accordance with the contract terms and conditions, the government entity, after due notice, may procure them from other sources and hold the auditor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the County have.

K. PRECEDENCE OF TERMS

Paragraphs A through J of these General Terms and Conditions shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

VII. SPECIAL TERMS AND CONDITIONS

A. QUALIFICATIONS OF AUDITORS

The County may make such reasonable investigations as deemed proper and necessary to determine the ability of the auditor to perform the work and the auditor shall furnish to the County all such information and data for this purpose as may be requested. The County further reserves the right to reject any bid if the evidence submitted by, or investigations of, such auditor fails to satisfy the County that such auditor is properly qualified to carry out the obligations of the contract and to complete the work/furnish the item(s) contemplated therein.

B. CANCELLATION OF CONTRACT

Paulding County reserves the right to cancel and terminate any resulting contract, in part or in whole, without penalty, upon 60 days written notice to the auditor. Any contract cancellation notice shall not relieve the auditor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation. In the event of termination by mutual agreement, the auditor shall be compensated for all hours worked at the specified contractual rate.

If, through any cause other than acts of god, floods, fires, storms, strikes, lockouts, riot, insurrection, acts of the public enemy, war, or other like restrictions beyond the control of the

parties rendering performance under the contract impossible, the auditor fails to fulfill in a timely and proper manner obligations under the contract, the County shall have the right to terminate the contract on written notice to the auditor specifying the effective date of termination.

The auditor shall not be relieved of liability to the County for damages sustained by virtue of any breach of the contract by the auditor. The County may withhold or require to be withheld any payment to the auditor for the purpose of setoff until such time as the exact amount of damages is agreed upon or is otherwise determined.

In the event of termination for whatever reason all property and finished or unfinished documents, data, studies, and reports prepared by the auditor shall become the property of the County. Nothing contained herein shall prevent the auditor from preparing and maintaining a complete set of workpapers relating to the audit.

C. AUDIT

The auditor hereby agrees to retain all books, records, working papers, and other documents relative to this contract for three (3) years after final payment. The County, its authorized agents, and federal and state regulatory and grantor agencies, including the Georgia Department of Audits and Accounts, shall have full access to and the right to examine any of said materials during said period at no cost to either the County or any other entity authorized to examine said materials.

D. REVIEW AND MONITORING

Paulding County reserves the right to conduct any review it may deem advisable to assure services conform to the specifications. The Finance Director will be designated as audit monitor to discuss issues that need to be resolved and may require periodic progress reports. The monitor will review the financial statements and may provide limited assistance to the auditor by way of comments and suggestions for enhancements to the report prior to its preparation in final form. The monitor will also be available for technical assistance concerning the interpretation of state laws, regulations and policies.

E. CONTRACT PERIOD

The contract period shall be for a period of three years beginning with the fiscal year ended June 30, 2010. Subject to annual review and the annual availability of an appropriation for audit services by the government entity, the contract will be annually renewable upon written agreement of both parties.

F. CONTRACT LIMITATIONS

During the contract period, the auditor agrees not to submit proposals on or perform any accounting, consulting, compilation and review, or any other services outside the scope of this contract for the County without the prior written approval of the County.

G. ADDITIONAL AUDIT WORK

In the event during the course of the audit it is determined by any party a change in the scope of the audit work is necessary, the discovering party shall promptly notify the other parties in writing. The parties shall then determine whether the contract shall be amended to provide for an adjustment in the audit work to be performed by the auditor. In no event shall any payment be made for audit work beyond the scope of the original contract until the contract has been amended as provided in Section VII, Item M, Integrated Agreement.

H. IDENTIFICATION OF PROPOSAL ENVELOPE

The signed proposal shall be returned in a separate envelope or package, sealed and identified as follows:

Name of Auditor
RFP – Audit Services

The envelope shall be addressed as directed on the cover page of this solicitation. Contained within the envelope will be all information necessary for the technical proposal and a separate sealed envelope containing the cost information, specifically labeled "For Cost Phase Only".

Proposals may be hand delivered to the designated location in the office issuing the solicitation. No other correspondence or other proposals should be placed in the envelope.

I. INDEMNIFICATION

The auditor agrees to indemnify, defend and hold harmless the County, its officers, agents, and employees from any claims, damages and actions of any kind or nature, whether at law or in equity, arising from or caused by the use of any materials, goods, or equipment of any kind or nature furnished by the auditor/any services of any kind or nature furnished by the auditor, provided that such liability is not attributable to the sole negligence of any County employee or to failure of County employees to use the materials, goods, or equipment in the manner described by the auditor on the materials, goods, or equipment delivered.

J. SUBCONTRACTS

No portion of the work shall be subcontracted.

K. PROPRIETARY INFORMATION

The County will not accept responses to Requests for Proposals in cases where the auditor declares the entire response to the RFP to be proprietary information. The auditor must designate in the smallest increments possible, that part of the proposal which is deemed to be proprietary.

L. OFFICE HOURS/LOCATION/PARKING

Office space will be provided for the representative of the auditor to perform all field work. The location of this space will be as close as possible to the location of the accounting records and accounting staff. To the extent possible, schedules and other data will be prepared by the County's finance department. It is the County's policy to aid in the audit process where deemed feasible and appropriate to help reduce costs. The audit monitor designated by the County will be responsible for notifying the contractor of the location of the accounting and financial records, office hours, and the availability of parking at the location.

M. INTEGRATED AGREEMENT

Any resulting contract represents the entire and integrated agreement between the auditor and County and supersedes all prior negotiations, representation, or agreements, whether written or oral. The contract may only be amended by written agreement of the auditor and the County.

N. WORKERS' COMPENSATION

The auditor shall be required at all times during the term of this agreement to subscribe and comply with the Workers' Compensation laws of the State of Georgia and to save harmless the County from any and all liability from or under said act.

O. SOCIAL SECURITY/EMPLOYMENT TAXES

The auditor shall be and remain an independent contractor with respect to all services performed hereunder and shall accept full exclusive liability for the payments of any and all contributions or taxes for Social Security, Unemployment Benefits, pensions, and annuities now or hereafter imposed under any State or Federal laws which are measured by the wages, salaries, or other remuneration paid to persons employed by the auditor on work performed under the terms of this agreement.

The auditor further shall obey or satisfy all lawful rules, regulations, and requirements issued or promulgated under said respective laws by any duly authorized State or Federal officials.

The auditor shall indemnify and save harmless the County from any contributions, taxes, or liability referred to in this article.

P. HIGHER LEVEL AUDIT SERVICES

If the auditor becomes aware that the County is subject to audit requirements that may not be encompassed in the terms of the contract, he or she shall communicate this situation immediately to the County's audit monitor, that in accordance with the established contract certain relevant legal, regulatory, or contractual requirements may not be met.

Q. CHANGES IN AUDITING STANDARDS/FEDERAL REQUIREMENTS

As professional auditing standards or Federal auditing requirements change, the auditor shall adjust his/her auditing techniques and reporting formats and criteria so the new standards and requirements are met. Any additional hours used by the auditor as a result of such changes that would cause the auditor to exceed the proposed hours as submitted in the Cost Proposal shall be treated as provided by Section VII, Item G, Additional Audit Work and Section VII, Item M, Integrated Agreement.

R. RATES FOR ADDITIONAL PROFESSIONAL SERVICES

If it should become necessary for the County to request the auditor to render any additional services to either supplement the services requested in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the County and the firm. Any such additional work agreed to between the County and the firm shall be performed at the same rates as set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

S. DRUG FREE WORKPLACE

Auditors contracting with the State of Georgia (or entities thereof as defined in the Act) further certify that they will comply with the Drug-Free Workplace Act, Official Code of Georgia Annotated, Section 50-24-1 et. seq. in carrying out any contract resulting from this proposal.

ATTACHMENT A: COUNTY AND RECORDS INFORMATION

1. Paulding County is governed by a five-man Board of Commissioners with a full-time Chairman, serving staggered, four-year terms. Post commissioners are elected by district and the chairman is elected at-large. For the past twenty years, Paulding County has been on of the fastest growing counties in the nation. It's population is estimated at 140,000. Paulding County's fiscal year 2010 budgeted funds totaled approximately \$120 million. Component units include the Paulding County Health Department and the Paulding County Industrial Building Authority. Component units are audited by individual unit, and the reports are submitted to the County for inclusion of our CAFR.

2. The County maintains four (4) major and eight (8) non-major governmental funds; one (1) major and two (2) non-major enterprise funds; and one (1) internal service fund. The audit will be conducted at the individual fund level.

3. Annual appropriated budgets are adopted for the governmental funds on a basis consistent with GAAP. Project-length financial plans are adopted for the capital projects funds. Annual budgets are adopted for the enterprise funds for management control purposes. Financial reports include budget-to-actual for revenues and appropriations. An encumbrance system is maintained. For fiscal year 2009, there was approximately \$99 million in revenue and \$117 million in expenditures for the governmental funds; and \$21 million in operating revenues and \$21 million in operating expense in the enterprise funds. The County has a payroll of approximately 750 consisting of both full and part-time employees. The County maintains approximately ninety (90) bank accounts at five local banks.

4. Paulding County's Finance Department consists of two divisions: Accounting and Purchasing.

- a. Among the accounting staff are the, a Senior Accountant, 2 Senior Accounts Payable Techs, and a Payroll Tech. Each member of the finance staff involved in

the audit is sufficiently experienced to offer a reasonably high level of assistance (gathering data, preparing schedules, etc.)

- b. The CAFR is prepared and published by the County.
 - c. Financial records are computerized in all departments. Finance staff will assist in gathering data and preparing schedules from Constitutional Offices.
 - d. The Finance Department currently maintains its financial records on “Munis” governmental accounting software from Tyler Technologies. This software is an enterprise solution package. The following departments records are contained within the Munis software: Human Resources, Utility Billing and Business License. The County currently does not have formal internal audit function, but does perform some limited internal audit procedures periodically.
 - e. Paulding County has a full time Information Technology Department. The IT Department maintains a main server operating on Windows 2000. General purpose software is standardized throughout the County – Microsoft Excel, Word, etc.
5. Copies of the prior year’s audit reports, management letters, financial statements and budget are available for inspection by appointment or email in digital (pdf) format.
 6. The County and Industrial Building Authority issued joint debt and corresponding construction accounts are maintained by County Finance staff. The County maintains the financial records and those would be included in the scope of this audit.
 7. Moore & Cubbedge, LLP is the County’s current auditor. The most recently issued report was for June 30, 2009. The auditor issued an unqualified opinion and noted no reportable conditions.
 8. Paulding County’s legal counsel is Talley, Richardson and Cable, PC. Jayson Phillips and Lani Skipper serves as County Attorney’s.
 9. Representation letters for inventory valuations, pledged assets and contingent liabilities will be issued by Tabitha Pollard, Finance Director. County Attorney, Lani Skipper or Jayson Phillips, will issue a letter regarding potential litigation.
 10. Interfund reconciliations will be made by County staff.
 11. The following are key dates in this RFP process:

The RFP should state that the dates are firm unless waived in writing by an authorized person.

 - a. Issue RFP. March 5, 2010.
 - b. Proposals Due *April 9, 2010 at 4:00 p.m.*.
 - c. Period for possible oral presentations (*dates between April 12 & 16, 2010.*)
 - d. Contract award *April 29, 2010*
 - e. Audit work may be commenced:
 - f. Preliminary field work – June 1, 2010
 - g. Post-closing work – August 15, 2010
 - h. Preliminary report completion and exit conference November 15, 2010
 - i. Final report submission November 30, 2010

ATTACHMENT B: MANDATORY PRE-QUALIFICATION FORM

To be answered by Contractor
Section A - General Information

Firm Name:

Contact Person:

Telephone Number: _____

Address:

Firm FEIN: _____

Firm's Georgia CPA State License Registration Number:

Type of Accounting Practice (mark X next to appropriate response):

_____ Individual

_____ Partnership

_____ Corporation

Name of State where incorporated: _____

Section B - Contractor Firm's Quality Program For Audits

(Please answer each of the following questions by placing an "X" in the proper column at the right.)

- | | <u>Check One:</u> | <u>Yes</u> | <u>No</u> |
|--|-------------------|------------|-----------|
| 1. Quality Control: Does the Contractor Firm have internal procedures to ensure proper quality Control for its governmental audit assignments? (if yes, attach a description of the process) | | _____ | _____ |
| 2. Quality Review: Does the Contractor Firm participate in an external quality review program every 3 years? (if yes, attach a copy of the last peer review or quality review report and letters of comment). If no, explain the reason and your plan to participate. | | _____ | _____ |
| 3. Professional Membership: Do the partners of the Contractor Firm belong to either the AICPA or the Georgia Society of CPA's. | | _____ | _____ |
| 4. Proper License: Is the Contractor Firm properly licenses to practice public accounting in Georgia? | | _____ | _____ |
| 5. Special Governmental Audit Requirements: Is the Contractor Firm familiar with the AICPA's ruling called Interpretation 501-3, "Failure to Follow Standards and/or Procedures or other Requirements in Governmental Audits?" (According to this ruling, if a CPA agrees to follow specified standards, guides, rules and procedures, in addition to GAAS, then the CPA is obligated to follow all such requirements. Also, the auditor must report any deviations from the agreed-upon engagement procedures.) | | _____ | _____ |
| 6. Subcontracts: Does the Contractor agree not to subcontract any work required? | | _____ | _____ |
| 7. Federal Audit Laws and Rules: If federal audit work is required, does the Contractor Firm agree to perform the audit work in accordance with the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, the provisions of OMB Circular A-133, and the AICPA Statement of Positions 98-3, as necessary? | | _____ | _____ |

- 8. Confidentiality: Does the Contractor Firm agree not to publish or distribute any information concerning work done for County, except as provided by law or rule? _____
- 9. Access to Records and Workpapers: Does the Contractor Firm agree to keep workpapers and reasonable records to support work claims for at least 3 years and make them available for audit or review by any authorized party? _____
- 10. Other Federal and State Laws and Rules: Does the Contractor agree to comply with all other Federal and State laws, rules and regulations that pertain to this engagement? _____
- 11. Independence: Does the Contractor Firm meet the independence standards of the current "Government Auditing Standards," issued by the Comptroller General of the United States? (if "no," attach a brief summary of facts) _____
- 12. Continuing Education: Does the Contractor Firm have sufficient staff who meet continuing professional education requirement for government audits as set forth in "Government Auditing Standards?" _____
- 13. Conflict of Interest: Does the Contractor Firm declare that there is no public or private interest which would conflict in any manner with performance of an audit for the County or would violate any laws of the State of Georgia? _____
- 14. No Substandard Work: Do the Contractor Firm and all proposed audit team members have a record of an acceptable standard of audit work? (Contractor Firm must answer this question "no" if the firm or any audit team member has received an enforcement action for substandard audit work during the past three years or has a related investigation pending by a professional or regulatory group. Attach a brief summary of any enforcement actions.) _____
- 15. Ethics: Does the Contractor Firm certify that its proposals are made without collusion or fraud and that it has not offered nor received any kickbacks or inducements from any other auditor, supplier, manufacturer, or subcontractor in connection with their proposals, and that it has not conferred on any government entity employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged; that it is not in violation of the Official Code of Georgia Annotated, Sections 16-10-2 and 16-10-22, for acts of bribery and/or conspiracy in restraint of free and open competition in transactions with state or political subdivisions? _____
- 16. Provisions of RFP: Does the Contractor Firm agree to abide by all General and Special Terms and Conditions specified in this RFP? _____

CONTRACTOR FIRM CERTIFICATION STATEMENT

I (we) certify that the information contained herein is true and correct to the best of my (our) knowledge, and that the person submitting the RFP on behalf of the proposer has the authority to submit this RFP and make all representations contained herein. I (we) understand that the inclusion of false information may result in rejection of the proposal submitted in response to this RFP.

Contractor Firm Name

Date

Signature of Preparer

ATTACHMENT C: MODEL FORMAT OF PROPOSAL

To simplify the review process and obtain the maximum degree of comparability, proposals should be organized in the manner specified by the RFP. The following outline includes all the information called for in the RFP.

COMPLETE COPY OF THE REQUEST FOR PROPOSALS

1. Provide a complete copy of the Request for Proposals, including all Attachments.
2. Sign the Request for Proposals in ALL places requiring signature.
3. Complete and sign the Mandatory Pre-Qualification Form.

TECHNICAL COMPONENT OF PROPOSAL

Title Page

Show the RFP subject, the name of the proposer's firm, local address, telephone number, name of contact person and the date.

Table of Contents

Include a clear identification of the material by section and by page number.

Letter of Transmittal

Please limit to one or two pages.

- Briefly state the proposer's understanding of work to be done. Make a positive statement that deadlines specified in the RFP will be met.
- State the names of the persons who will be authorized to make representations for the proposer, their titles, addresses, and the telephone numbers.
- State that the person signing the letter will be authorized to bind the proposer.

- State the name of the partner assigned to this engagement and the name of the partner assigned the responsibility for the quality of the report and working papers.

Profile of the Proposer

- State whether the firm is local, regional, national or international.
- State the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.
- Describe the range of activities performed by the local office such as auditing, accounting, tax service, or management services.

Summary of the Proposer's Qualifications

- State the identity of the partners and managers who will work on the audit, including staff from other than the local office. Resumes including relevant experience and continuing education for each supervisory person to be assigned to the audit should be included (resumes may be included as an appendix).
- Specify governmental CPE attended in the past 24 months by the partner(s) and each supervisory person to be assigned to this engagement.
- Describe the recent local office auditing experience similar to the type of audit requested. Rank these audit engagements according to total staff hours. Indicate the scope of work, dates when work was performed, engagement partner(s), total hours, and the name and telephone number of the client contact. A maximum of five (5) of the most significant audit engagements performed in the last three (3) years similar to the engagement described in this request for proposals should be provided.

Proposer's Approach to Audit

- Submit a work plan to accomplish the scope defined in Section III of this RFP. The work plan must include time estimates for and identify each significant segment of the work and the staff level to be assigned. The planned use of specialists must also be specified. In developing the work plan, reference should be made to such sources as the County's budget and related materials, organizational charts, programs, and financial and other management information systems. Proposers will be required to provide the following information on their audit approach:
 - Sampling techniques and the extent to which statistical sampling may be used in the engagement;
 - Extent of the use of EDP software in the engagement;
 - Type and extent of analytical procedures that may be used in the engagement;
 - Approach to be taken to gain and document an understanding of the County's internal control;
 - Approach to be taken in determining laws and regulations that will be subject to audit test work; and
 - Approach to be taken in drawing audit samples for purposes of tests of compliance.

- The proposal should identify and describe anticipated audit problems (if any), the firm’s approach to resolving these problems and any special assistance that will be requested from the County.

Additional Data

Since the preceding sections are to contain only data that is specifically requested, any additional information considered essential to the proposal should be separately bound. The proposer’s general information publications, such as directories or client lists, should not be included. If there is no additional information to present, include a statement that “there is no additional information we wish to present.”

COST COMPONENT OF PROPOSAL

(to be included in a separate, sealed envelope)

State the total hours and hourly rate required by staff classification and the resulting all-inclusive maximum fee, including out-of-pocket costs for which the requested work will be done. State the amount of professional services, in hours, allowed for each year without additional cost to the County. A separate, all-inclusive fee must be stated for each audit for each year. (recommended format for cost component on following page)

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE _____ FINANCIAL STATEMENTS
(year)

(complete a separate schedule for each year covered in the proposal)

	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____
Managers	_____	_____	_____
Supervisory staff	_____	_____	_____
Other (specify)	_____	_____	_____
Total for services described in RFP	_____	_____	_____
Out-of-pocket expenses:			
Meals & lodging			_____
Transportation			_____

Other (specify) _____
Total all-inclusive price _____
Amount of professional services, in _____
hours, allowed without additional cost _____

ATTACHMENT D: SAMPLE FORMAT FOR NOTIFICATION OF INTEREST LETTER

Paulding County Board of Commissioners
Attention: Tabitha Pollard
240 Constitution Boulevard
Dallas, GA 30132

Dear Mrs. Pollard

Our (my) firm is interested in submitting a proposal to audit the Paulding County Board of Commissioners financial statements for the fiscal year ended June 30, 2010, and the two subsequent fiscal years as set forth in the Request for Proposals issued March 5, 2010.

Sincerely,

[Audit Firm]

ATTACHMENT E: FORM OF AGREEMENT

Counterpart No. _____
Of 2 Original Executed Counterparts.
Counterpart of the _____

STATE OF GEORGIA,
COUNTY OF _____:

AGREEMENT FOR AUDIT SERVICES

THIS AGREEMENT FOR AUDIT SERVICES, hereinafter referred to as "Agreement", is made and entered into as of the _____ day of _____, 2010, (the "Date Hereof"), by _____ and _____ between _____ a **(sole proprietorship, general or limited partnership, professional corporation or business corporation)** whose agent and address for purposes of this agreement is

_____,
hereinafter referred to as "the Auditor" and Paulding County Board of Commissioners, a **governmental entity**, whose address for the purposes of this Agreement is 240 Constitution

Boulevard, Dallas, GA 30132, herein referred to as “the Auditee”.

WITNESSETH THAT:

WHEREAS, the Auditee is a governmental entity, regional development center or nonprofit corporation created thereby, pursuant to 36-81-7; and

WHEREAS, the Auditee is required by 36-81-7 to be audited on a regular basis in accordance with certain specified audit standards; and

WHEREAS, the Auditor is a **(describe private entity)** organized under the laws of the State of Georgia engaged in the practice of accountancy and business of performing professional audit services; and

WHEREAS, the Auditee desires to utilize the professional services of the Auditor, in accordance with the needs, requirements, terms and conditions contained in a Request for Proposals, Number 10018-0203 (the “RFP”), and the proposal (the “Auditor’s Proposal”) submitted by the Auditor in response to the RFP, which RFP and Auditor’s Proposal are attached hereto and by this reference incorporated herein; and

WHEREAS, the Auditee awarded the contract for audit services to the Auditor in accordance with the RFP and in reliance upon the representations and certifications contained in the Auditor’s Proposal; and

WHEREAS, the Auditor and Auditee desire to document the terms and conditions of their Agreement.

NOW, THEREFORE, for and consideration of the mutual covenants contained herein, the receipt and sufficiency of which is hereby acknowledged, it is agreed as follows:

Article 1

BASIC AGREEMENT

The Auditor will perform professional audit services in accordance with the Audit Requirements, Reporting and Delivery Requirements, General Terms and Conditions, and Special Terms and Conditions of the RFP. The Auditee will provide the information required by the RFP. The Auditor shall be compensated for its services as provided in the RFP and the Auditor’s Proposal.

Article 2

COVENANTS AND REPRESENTATIONS

2.1 Covenants of the Auditor. The Auditor shall perform professional audit services in accordance with the Auditor’s Proposal and the Audit Requirements, Reporting and Delivery Requirements, General Terms and Conditions, and Special Terms and Conditions contained in Sections III, VI, VII of the RFP, and any attachments thereto, all of which are by this reference incorporated herein.

2.2 Covenants of the Auditee. The Auditee will provide to Auditor all information reasonably necessary, useful or customary pursuant to both standard accounting and auditing practices and customary within Auditee’s trade or business activities.

2.3 Representations. To induce the Auditee to enter into this Agreement, the Auditee shall be entitled to rely upon the representations and certifications made by the Auditor in the Auditor's Proposal, without independent investigation and verification, and each such representation or certification shall be deemed to be material to this Agreement. The person negotiating and executing this Agreement on behalf of the Auditor has the full right, power, and authority to enter into, execute and perform this Agreement in accordance with the terms hereof, and when executed and delivered, this Agreement will constitute a valid and binding obligation of the Auditor and will be enforceable in accordance with the terms thereof.

ARTICLE 3

FEES

3.1 The Auditor shall be paid for its services as provided in the schedule of fees and expenses submitted by the Auditor in the Auditor's Proposal in the sealed dollar cost bid as stated in the Cost Component of the RFP, Section IV (B), which are by this reference incorporated herein. Additional services shall be compensated in the manner set forth in the Addendum to this Agreement, at the same rates as set forth in the schedule of fees and expenses submitted by the Auditor in the Auditor's Proposal.

ARTICLE 4

CONTINGENCIES

4.1 Contingent Obligations of the Auditee. The obligations of the Auditee are subject to the following conditions:

4.1.1 The ability of the Auditee to carry out the terms of this Agreement in accordance with the laws and Constitution of the State of Georgia.

4.1.2 The timely performance by the Auditor of each and every covenant, agreement, and obligation imposed upon the Auditor in this Agreement.

4.1.3 The truth and accuracy as of the Date Hereof of each and every representation made by the Auditor.

4.1.4 This Agreement is expressly made subject to other laws affecting its subject matter. In the event of any conflict between such laws and this Agreement, such laws shall take precedence.

4.2 Contingent Obligations of the Auditor. The obligations of the Auditor are subject to the following conditions:

4.2.1 The timely performance by the Auditee of each and every covenant, agreement, and obligation imposed upon the Auditee in this Agreement.

ARTICLE 5

TERM

This Agreement shall have an initial term of three years, to run concurrently with a fiscal year of the Auditee, commencing on June 30, 2010 after the Date Hereof and terminating on June 30, 2012, and be subject to renewal for 2 additional successive term(s), if the Auditee gives

notice of its election to renew the Agreement within thirty (30) days prior to the end of the term.

ARTICLE 6
NOTICES

All notices, demands or requests required or permitted to be given pursuant to this Agreement shall be in writing and given or served either in person or by United States Mail, postpaid, registered or certified with Return Receipt Requested, showing the name of the recipient and the date of delivery. Notices shall be addressed to the party or parties identified and at the address as set forth in the introductory paragraph of this Agreement, and the date upon which such notice is delivered shall be deemed the effective date thereof. Either party may, from time to time, by five (5) days' prior written notice to the other party, specify a different agent or address to which notices can be delivered. Rejection or other refusal to accept a notice or inability to deliver a notice because of a changed agent or address of which no notice was given shall constitute receipt of the notice on the date when personal service is attempted or the date of the postmark, if mailed.

ARTICLE 7
RIGHTS CUMULATIVE

All rights, powers, and privileges conferred hereunder shall be cumulative and not restrictive of those given by law.

ARTICLE 8
NON-WAIVER

No failure of the Auditee to exercise any right or power given to the Auditee under this Agreement, or to insist upon strict compliance by the Auditor with the provisions of this Agreement, and no custom or practice of the Auditee or the Auditor at variance with the terms and conditions of this Agreement, shall constitute a waiver of the Auditee's right to demand exact and strict compliance with the terms and conditions of this Agreement.

ARTICLE 9
CONTINUITY

Each of the provisions of this Agreement shall be binding upon and inure to the benefit and detriment of the Auditor and the Auditee and the heirs, devisees, legatees, legal representatives, successors and assigns of the Auditor and the Auditee.

ARTICLE 10
DATE FOR PERFORMANCE

If the time period by which any right, option or election provided under this Agreement must be exercised, or by which any act required hereunder must be performed, or by which the Closing must be held, expires on a Saturday, Sunday or legal holiday, then such time period shall be automatically extended through the close of business on the next regularly scheduled business

day.

ARTICLE 11
TIME OF THE ESSENCE

All time limits stated herein are of the essence of this Agreement.

ARTICLE 12
CAPTIONS

The brief headings or titles preceding each provision hereof are for purposes of identification and convenience only and should be completely disregarded in construing this Agreement.

ARTICLE 13
COUNTERPARTS

This Agreement is executed in two (2) counterparts which are separately numbered but each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

ARTICLE 14
NO ASSIGNMENT, NO THIRD PARTY BENEFICIARIES

14.1 This Agreement is a personal retention of Auditor as an independent contractor. Auditor must perform by its own forces and may not delegate, subcontract, assign, transfer, or otherwise obtain its performance of this Agreement, without the express written consent of Auditee.

14.2 Nothing herein shall be construed as conferring upon or giving to any person, other than the parties hereto, any rights or benefits under or by reason of this Agreement.

IN WITNESS WHEREOF, the Auditor and the Auditee have caused these presents to be duly signed, sealed and delivered on the day, month, and year first above written.

AUDITOR

By

(Seal)

Name:

Title:

(If corporation, fill in below)

Attest:

(Seal)

Name:

Title:

(Corporate seal affixed)

AUDITEE

By

(Seal)

Name:

Title: