

**OKALOOSA COUNTY, FLORIDA
BOARD OF COUNTY COMMISSIONERS**

REQUEST FOR QUALIFICATIONS/PROPOSAL

PROFESSIONAL AUDITING SERVICES

Notification of Interest Deadline:

5:00 P.M., Tuesday, February 24, 2004

Sealed Request For Qualifications/Proposal Submittal Deadline:

4:00 P.M., Friday, March 19, 2004

*Any response received after the above submittal deadlines will
not be considered.*

**OKALOOSA COUNTY
CLERK'S OFFICE
101 E JAMES LEE BLVD
ROOM 118
CRESTVIEW, FL 32536
(850) 689-5801
(850) 689-5818 (FAX)**

**ADVERTISEMENT FOR REQUEST FOR QUALIFICATIONS/PROPOSAL
“PROFESSIONAL AUDITING SERVICES”**

Notice is hereby given that the Okaloosa County Board of County Commissioners is calling for and requesting qualifications for:

PROFESSIONAL AUDITING SERVICES

BID DOCUMENTS CAN BE OBTAINED FROM OKALOOSA COUNTY BOARD OF COUNTY COMMISSIONER’S WEBSITE, <http://www.co.okaloosa.fl.us>, UNDER THE HEADING OF COUNTY DEPARTMENTS, PURCHASING, ALONG WITH CLERK OF COURT’S WEBSITE, <http://www.clerkofcourts.cc/>, UNDER THE HEADING OF CLERK OF COURTS FORMS OR BY CALLING THE CLERK OF THE COURT BCC MINUTES DEPARTMENT AT (850) 689-5801.

**MANDATORY “NOTIFICATION OF INTEREST FORM” DUE:
5:00 PM- TUESDAY, FEBRUARY 24, 2004.**

NON-MANDATORY PRE-PROPOSAL CONFERENCE - 10:00 AM, TUESDAY, MARCH 2, 2004, BOARD OF COUNTY COMMISSIONERS MEETING ROOM, WATER & SEWER ADMINISTRATION BUILDING, 3rd FLOOR, 1804 LEWIS TURNER BLVD, FORT WALTON BEACH, FL.

**REQUEST FOR QUALIFICATIONS/PROPOSAL DUE AND OPENED:
4:00 P.M.- FRIDAY, MARCH 19, 2004, TO THE ATTENTION OF GARY J. STANFORD, CPFO, CGFO, FINANCE DIRECTOR AT:
HAND DELIVER OR MAIL TO:
Okaloosa County Clerk of Court
Okaloosa County Courthouse
101 E James Lee Blvd, Room 118
Crestview, Florida 32536**

The County reserves the right to accept or reject any or all proposals in whole or in part to waive all informalities. If any accommodations are needed for persons with disabilities, please contact the Okaloosa County Clerk’s Office at (850) 689-5801.

In accordance with the Provisions of ADA, this document may be requested in an alternate format.

Newman C. “Buddy” Brackin, Clerk of Court

Publish: Friday 2/6/04 through Sunday 2/8/04 and Sunday 2/15/04 in Legal Notices

Note: All invoices should be sent to Clerk of the Court, 101 E James Lee Blvd, Crestview, FL, 32536.

Any questions, please contact Gary J. Stanford at (850) 689-5801.

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REQUEST FOR QUALIFICATIONS/PROPOSAL –
PROFESSIONAL AUDIT SERVICES**

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OKALOOSA COUNTY, FLORIDA
REQUEST FOR QUALIFICATIONS/PROPOSAL – PROFESSIONAL AUDIT SERVICES

I. PURPOSE

The Okaloosa County Board of County Commissioners is seeking Request for Qualifications/Proposal from qualified firms of certified public accountants to audit three (3) years of financial statements commencing with the fiscal year ending September 30, 2004 and including fiscal year ending September 30, 2005, and ending with the fiscal year ending September 30, 2006 with the County's option to renew for one two-year term beyond the initial three (3) years.

II. GENERAL INSTRUCTIONS

REQUIRED "Notification of Interest" - Firms interested in submitting a proposal must submit a notification of interest by 5:00 P.M., Tuesday, February 24, 2004. Their "Notification of Interest" should be in the format as attached as *Appendix D* in this Request for Qualifications/Proposal. This notification will enable us to provide all proposal related information to all interested parties.

HAND DELIVER, MAIL, OR FAX NOTIFICATION OF INTEREST TO:

Okaloosa County Clerk of Court
Okaloosa County Courthouse
101 E James Lee Blvd, Room 118
Crestview, Florida 32536
(850) 689-5818 (FAX)

PROPOSAL SUBMISSION - Proposals must be submitted with all required submissions included. Failure to comply may preclude consideration of the proposal. Each Proposer is responsible for full and complete compliance with all laws, rules and regulations which may be applicable. Proposers desiring to provide services as described herein shall submit proposals, an original and seven (7) copies in a **sealed envelope or box labeled on the outside of the envelope or box, "Professional Auditing Services," and delivered not later than 4:00 p.m., Friday, 3/19/04, to the attention of Gary J. Stanford, CPFO, CGFO, Finance Director at the following address:**

HAND DELIVER OR MAIL TO:

Okaloosa County Clerk of Court
Okaloosa County Courthouse
101 E James Lee Blvd
Room 118
Crestview, Florida 32536

LATE PROPOSALS WILL NOT BE CONSIDERED.

Upon submission, all proposals become the property of the County which has the right to use any or all ideas presented in any proposal submitted in response to this Request for Qualifications/Proposal, whether or not the proposal is accepted. The cost for development of the written proposal and the oral presentation are entirely the obligation of the Proposer and shall not be chargeable in any manner to Okaloosa County.

ACCEPTANCE/REJECTION OF PROPOSALS - Okaloosa County reserves the right to reject any proposal which may be considered irregular, show serious omission,

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unauthorized alteration of form, unauthorized alternate proposals, incomplete or unbalanced proposals or irregularities of any kind. Submittal requirements of this Request for Qualifications/Proposal are for evaluation and selection purposes only. The County may allow alterations, modifications, or revisions to individual elements of the successful proposal at any time during the period of the contract which results from this Request for Qualifications/Proposal. Okaloosa County reserves the right to accept or reject any or all proposals in whole or in part, with or without cause, to waive technicalities, or to accept proposals or portions thereof which, in the County's judgment, best serve the interests of the County, or to award a contract to the next most qualified Proposers if the selected Proposers do not execute a contract after the award of the proposal.

COLLUSION - By offering a submission to this Request for Qualifications/Proposal, the Proposer, and in the case of a joint proposal, each Proposer certifies the Proposer has not divulged to, discussed or compared his proposal with other Proposers and has not colluded with any other Proposer or parties to this proposal whatsoever.

SUBCONTRACTING/JOINT PROPOSALS - If subcontracting or joint proposals are to be done, that fact, and the name of the proposed subcontracting firms, must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of Okaloosa County.

LOBBYING - Proposers, their agents and associates shall not contact or solicit any County Commissioner, County employee, or official regarding this Request for Qualifications/Proposal during any phase of this Request for Qualifications/Proposal. Failure to comply with this provision may result in disqualification of the Proposer, at the option of the County. Only that individual listed as the contact person in the specifications shall be contacted.

INSURANCE REQUIREMENTS - The successful Proposer shall not commence any work in connection with this agreement until he has obtained all required insurance and such insurance has been approved by the Okaloosa County Risk Management Officer nor shall the Proposer allow any subcontractor to commence work in this subcontract until all similar insurance required of the subcontractor has been so obtained and approved.

All insurance policies shall be with insurers licensed to do business in the State of Florida, and any insuring company is required to have a minimum rating of A, Class X in the Best's Key Rating Guide published A.M. Best & Co., Inc.

The County of Okaloosa shall be furnished proof of coverage by a certified, complete duplicate of all insurance contracts including every endorsement. The complete insurance contracts must be delivered to the County Representative not less than ten (10) days prior to the commencement of any and all contractual agreements between the County of Okaloosa and the Proposer. The County shall retain the right to reject all insurance contracts that do not meet the requirement of this Agreement.

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The successful Proposer should carry all required insurance policies, including, but not limited to, professional liability insurance at limits of not less than \$1,000,000 for professional services rendered. The successful Proposer shall maintain such insurance for at least two (2) years from the termination of this service.

INDEMNIFICATION - To the fullest extent permitted by law, the Proposer shall indemnify and hold harmless the County, its officers and employees from liabilities, damages, losses, and costs including but not limited to reasonable attorney fees, to the extent caused by the negligence, recklessness, or intentional wrongful conduct of the Proposer and other persons employed or utilized by the Proposer in the performance of this contract. Indemnification and Hold Harmless form is attached as *Appendix E*.

III. NATURE OF SERVICES REQUIRED

SERVICES PURPOSE - Okaloosa County is soliciting the services of qualified firms of certified public accountants to audit its financial statements, and the financial statements of the Constitutional Officers, for the fiscal years ending September 30, 2004, 2005 and 2006, with the County's option to renew for one two-year term beyond the initial three (3) years at the discretion of the Auditor Selection Committee. These audits are to be performed in accordance with the provisions contained in this Request for Qualifications/Proposal.

SCOPE OF WORK TO BE PERFORMED – Okaloosa County desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles. The auditor is not required to audit the combining and individual non-major fund financial statements and supporting schedules. However, the auditor is to provide an "in-relation-to" report on the combining and individual non-major fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. The auditor is not required to audit the statistical section of the report. The auditor shall also be responsible for performing certain limited procedures involving Management's Discussion and Analysis and supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards. The auditor is not required to audit the schedule of expenditures of Federal and State awards. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the basic financial statements.

AUDITING STANDARDS TO BE FOLLOWED - To meet the requirements of this Request for Qualifications/Proposal, the audit shall be performed in accordance with: generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants; the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*; the provisions of the Single Audit Act Amendments of 1996; the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; as well as all applicable State requirements including Section 218.39,

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Florida Statutes; the *Florida Single Audit Act* (Section 215.97, Florida Statutes); Chapter 27D-1, Rules of the Executive Office of the Governor, Florida Administrative Code; State of Florida Auditor General Rules 10.550 and any other required standards that are or become applicable.

REPORTS TO BE ISSUED - Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue certain reports, including, but not limited to:

1. A report on the fair presentation of the basic financial statements in conformity with generally accepted accounting principles, including an "in-relation-to" report on the combining and individual non-major fund financial statements and the schedule of expenditures of Federal awards and State financial assistance.
2. A report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. A report on compliance with requirements applicable to each major Federal program, each major State project and the Passenger Facility program and on internal control over compliance in accordance with OMB Circular A-133, Executive Office of the Governor's State Project Compliance Supplement and Chapter 10.550, Rules of the State Auditor General.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls. The reports on compliance shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the reports on compliance. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts of or indications of illegal acts of which they become aware to the Finance Director, the Board of County Commissioners and the County Manager. Auditors shall assure themselves that the Okaloosa County's Board of County Commissioners or its Chairman is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards.
2. Significant accounting policies.
3. Management judgments and accounting estimates.
4. Significant audit adjustments.
5. Other information in documents containing audited financial statements.
6. Disagreements with management.

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7. Management consultation with other accountants.
8. Major issues discussed with management prior to retention.
9. Difficulties encountered in performing the audit.
10. Other reports and/or certifications mandated by the Florida Statutes and the Florida Administrative Code.

Okaloosa County intends for the selected Proposer to produce a Comprehensive Annual Financial Report (CAFR). Okaloosa County will forward its CAFR to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the selected Proposer will be required to provide special assistance to Okaloosa County to meet the requirements of that program.

The schedules of expenditures of Federal awards and State financial assistance and related auditors' reports are to be issued as part of the CAFR, along with the Schedule of Passenger Facility Charges. The auditors will be required to audit conflict counsel statements in compliance with F.S. sections 925.037 (5)(a) and (5)(b) and to audit compliance with the provisions of F.S. sections 27.34 (2), 27.54 (3), and 27.3455 (4) related to accounting matters on allocation of funds and additional court costs, along with other statutory compliance requirements, where applicable.

The Local Government Annual Financial Report distributed by the Department of Financial Services along with the Data Collection Form distributed by the U. S. Department of Commerce are to be completed electronically by the selected Proposer utilizing the audited financial data to complete.

Okaloosa County currently anticipates it will prepare one or more official statements in connection with the sale of debt securities during the contract term, which will contain the basic financial statements and the auditors' report thereon. The auditors shall be required, if requested by the financial advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters."

WORKING PAPER RETENTION AND ACCESS TO WORKING PAPERS - All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by Okaloosa County of the need to extend the retention period. The auditor will be required to make working papers available, upon request to parties or their designees, including, but not limited to, parties designated by the Federal or State governments or by Okaloosa County as part of an audit quality review process.

IV. DESCRIPTION OF THE GOVERNMENT

BACKGROUND INFORMATION – Okaloosa County is a Non-Charter County established under the Constitution and the Laws of the State of Florida. The reporting entity of the County includes the funds of the primary government, which includes funds of the Board of County Commissioners, the Clerk of the Circuit Court, the Property

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Appraiser, the Sheriff, the Supervisor of Elections and the Tax Collector and one component unit, The Emerald Coast Bridge Authority. The County Manager/Council form of government was instituted in 1993.

All of these offices are currently being audited for the fiscal year ended September 30, 2003. Separate audits of each office are available upon request for the fiscal year ended September 30, 2002. The County's organizational chart can be found in *Appendix A*. Per Florida Statutes, the Clerk of Circuit Court is charged with maintaining the books and records of the County. As such, the accounting and financial reporting functions of Okaloosa County are centralized within the County Finance Department. The Okaloosa County Clerk Finance Department's organizational chart can be found in *Appendix B*. Detailed information on the government and its finances can be found in the Comprehensive Annual Financial Report and the annual Budget Document found in the County Finance Department. The County was awarded the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended September 30, 2002. This was the sixteenth consecutive year that the County has received this award.

Okaloosa County provides the normal range of governmental services provided by Florida Counties, including general government, public safety, physical environment, transportation, economic environment, culture/recreation, and court-related services. In addition, there are a variety of enterprise activities, including a water and sewer utility, three airports, solid waste disposal, building inspection, emergency medical and conference center operation services.

FUND STRUCTURE – Okaloosa County uses the following major funds and non-major funds in its financial reporting:

<u>Major Funds</u>	<u>Water & Sewer</u>	<u>Non-Major Funds</u>
General Fund	Enterprise Fund	<i>8 Special Revenue Funds</i>
Fine and Forfeiture	Airport Enterprise Fund	<i>1 Debt Service Fund</i>
Special Revenue Fund	Solid Waste Enterprise	<i>1 Capital Outlay Fund</i>
Natural Disaster Special	Fund	<i>2 Enterprise Funds</i>
Revenue Fund	Conference Center	<i>5 Internal Service Funds</i>
Road and Bridge	Enterprise Fund	<i>16 Agency Funds</i>
Construction Fund		

BUDGETARY BASIS OF ACCOUNTING – Okaloosa County prepares its budgets on a basis consistent with generally accepted accounting principles. Formal budgetary integration is employed as the legal authority for expenditures and as a management control device during the fiscal year for all funds. Okaloosa County's total year-end budget for fiscal year 2003 was \$262,754,626.

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE - During the fiscal year ended September 30, 2002, Okaloosa County expended \$4.7 million in Federal awards and \$5.1 million in State financial assistance. Major Federal programs include

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USDA Emergency Watershed Projects, HUD Community Development Block Grant and USDOT Airport Improvement Program. Major State projects include Enterprise Florida Construction, Inc. and Renovation Projects and Florida Housing Finance Agency State Housing Initiatives Partnership.

PENSION PLANS – Okaloosa County participates in the defined benefit plan of the State of Florida Retirement System, a cost sharing, multiple-employer public employee retirement system.

COMPONENT UNITS – Okaloosa County is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100. Using these criteria, one component unit is included in Okaloosa County's CAFR. The management of Okaloosa County has identified Emerald Coast Bridge Authority as the only component unit for inclusion in Okaloosa County's CAFR. All component units are to be audited as part of the audit of Okaloosa County's financial statements.

JOINT VENTURES – Okaloosa County also participates in one joint venture with other governments. Okaloosa County participates with the City of Niceville and the City of Valparaiso in a regional sewer system managed by the Niceville, Valparaiso, Okaloosa County Regional Sewer Board.

MAGNITUDE OF FINANCE OPERATIONS - The County Finance Department is headed by Gary J. Stanford, CPFO, CGFO, Finance Director, and consists of approximately 11 employees, not including the Internal Audit staff that is made up of two additional employees. The organizational chart of the Finance Department can be found in *Appendix B*.

COMPUTER SYSTEMS - The County's computers are networked within the Clerk of Court and Board of County Commissioners offices throughout the County. The Board of County Commissioners fund financial records utilize *Pentamotion Open Series Financial and Human Resource* accounting software, as distributed by Sungard, Inc. to record financial activity. The system includes General Ledger, Accounts Receivable and Payable, Budgeting, Personnel, Payroll, Purchasing and Fixed Assets. All Clerk employees and most Board employees have a personal computer with Microsoft Excel and Word and other software applications along with access to the accounting system. The Clerk of Courts, Sheriff and Supervisor of Elections utilize the same software mentioned above to maintain their financial records while the other Constitutional Officers utilize different systems.

INTERNAL AUDIT FUNCTION – Okaloosa County has maintained an internal audit function for the past nine years. The internal audit function reports to Tim Pozza, CPA, CIA, Director of Internal Audit and is staffed by one other employee responsible primarily for the collection, reporting and enforcement of Okaloosa County's self administered tourist development taxes.

AVAILABILITY OF PRIOR AUDIT REPORTS AND WORKING PAPERS -

Interested proposers who wish to review prior years' audit reports and management letters should contact Gary J. Stanford, Finance Director.

V. Time Requirements

PROPOSAL SCHEDULE - The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for Qualifications/Proposal - issued **February 6, 2004**

Due date for “*Notification of Interest*” - **February 24, 2004**

Non-mandatory Preproposal Conference - **March 2, 2004**

Due date for proposals - **March 19, 2004**

NOTIFICATION AND CONTRACT DATES

Firm selection process (may include oral presentations) – **March 25, 2004**

Tentative contract date - **April 2004**

SCHEDULE FOR THE 2004 FISCAL YEAR AUDIT - *(A similar schedule will be developed for audits of future fiscal years)*

The auditor shall complete/submit to the Director of Finance, each of the following no later than the dates indicated:

- Interim Work - **July 1 through September 30, 2004** (Note: usually first year requires more field work)
- Detailed Audit Plan and List of Schedules to be prepared by Okaloosa County - **November 15, 2004**
- Draft Constitutional Officers’ financial statements and recommendations - **December 15, 2004**
- Board of County Commissioners Fieldwork - **January 15, 2005**
- Draft Reports and Draft Recommendations - **February 15, 2005**

VI. ASSISTANCE TO BE PROVIDED TO THE AUDITOR

FINANCE DEPARTMENT AND CLERICAL ASSISTANCE - The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the County. In addition, clerical support will be made available to the auditor for typing of routine letters and memoranda.

INTERNAL AUDIT STAFF ASSISTANCE - The internal audit staff of Okaloosa County will be available to assist the auditor. Examples of past work performed for external auditors included certain tests related to the schedule of Federal and State Financial Assistance and certain inventory counts and related tests.

ELECTRONIC DATA PROCESSING (EDP) ASSISTANCE - EDP personnel will be available to assist the auditor in performing the engagement and to provide systems documentation and explanations.

WORK AREA, TELEPHONES, PHOTOCOPYING AND FAX MACHINES – The Finance Department will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone line, photocopying machine and FAX machine.

VII. PROPOSAL REQUIREMENTS

OVERALL CONTENT OF PROPOSAL - The following material is required to be included within the proposal package:

1. Cover Letter - showing the Request for Qualifications/Proposal subject, the legal name, address and telephone number of the proposer (company, firm, partnership, individual). The cover letter shall contain the name, address and telephone number of a contact person. The cover letter must be signed and dated by the person who has authority to bind the proposing firm to the submitted proposal.
2. Table of Contents - cross-referenced to proposal requirements
3. Detailed Proposal – as outlined below in the Technical Proposal section. Firms not addressing the specific points will be denied further consideration.

TECHNICAL PROPOSAL

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of Okaloosa County in conformity with the requirements of this Request for Qualifications/Proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the Request for Qualifications/Proposal requirements.

The technical proposal should address all the points outlined in the Request for Qualifications/Proposal (excluding any cost information). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the Request for Qualifications/Proposal. While additional data may be presented, the following subjects described in item Nos. 1 and 2 below, must be included. They represent the criteria against which the proposal will be evaluated.

1. Mandatory Elements

a) Independence

The firm should provide an affirmative statement that it is independent of Okaloosa County as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards*. The firm also should provide an affirmative statement that it is independent of all of the component units of Okaloosa County as defined by those same standards. The firm should also list and describe the firm's (or proposed subcontractor's) professional relationships involving Okaloosa County or any of its agencies or component units for the past 5 years, together with a statement explaining why such relationships do not constitute a conflict of interest

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relative to performing the proposed audit. In addition, the firm shall give Okaloosa County written notice of any professional relationships entered into during the period of this agreement.

b) Licensed to Practice in Florida

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly registered/licensed to practice in Florida.

c) Continuing Professional Education Required under *Government Auditing Standards*

The firm should provide an affirmative statement that all professional personnel have received adequate continuing professional education, as required under *Government Auditing Standards*, within the preceding two years.

d) Quality Control Review

The firm is required to submit a copy of the report on its most recent external quality control review, with a statement whether or not that quality control review included a review of specific government engagements. The firm shall also provide information on the results of any Federal or State desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

2. Technical Qualifications

a) Expertise and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis. If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this Request for Qualifications/Proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. These individuals may be contacted by the County to provide references. The firm should list separately all engagements within the last five years, ranked on the basis of total staff hours, for Okaloosa County by type of engagement (i.e., audit, management advisory services, other). For each engagement, the firm should indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to the engagement and indicate whether each such person is registered/licensed to practice as a certified public accountant in Florida. The firm also should provide

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information on the government auditing experience of each person, including information on relevant continuing professional education for the past two (2) years and membership in professional organizations relevant to the performance of this audit. The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also should indicate how the quality of staff over the term of the agreement will be assured. Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of Okaloosa County. However, in either case, Okaloosa County retains the right to approve or reject replacements. Consultants and firm specialists mentioned in response to this Request for Qualifications/Proposal can only be changed with the express prior written permission of Okaloosa County, which retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the proposer provided the replacements have substantially the same or better qualifications or experience.

b) Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed to perform the services required in the Nature of Services Section of this request for proposal. In developing the work plan, reference should be made to such sources of information as Okaloosa County's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems. Proposers will be required to provide the following information on their audit approach:

- (1) Proposed segmentation of the engagement; level of staff and number of hours to be assigned to each proposed segment of the engagement; and extent of use of EDP software in the engagement.
- (2) Approach to be taken to gain and document an understanding of Okaloosa County's internal control structure; and type and extent of analytical procedures to be used in the engagement.
- (3) Sample sizes and the extent to which statistical sampling is to be used in the engagement; and approach to be taken in drawing audit samples for purposes of tests of compliance.

c) Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be requested from Okaloosa County.

d) Report Format

The proposal should include sample formats for required auditors' reports.

VII. Evaluation Procedures

AUDITOR SELECTION COMMITTEE - Submitted proposals will be evaluated by the Auditor Selection Committee comprised of the Clerk of Court, Property Appraiser, Sheriff, Supervisor of Elections, Tax Collector and one member of the Board of County Commissioner or its designee as directed by 218.391, F.S.S..

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EVALUATION CRITERIA - Proposals will initially be evaluated using two sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated for technical qualifications as described in the Proposal Requirement Section. The following represent the principal selection criteria, which will be considered during the evaluation process.

1. Mandatory Elements

- a) The audit firm is independent and has no conflict of interest with regard to any other work performed by the firm for Okaloosa County.
- b) The audit firm is licensed to practice in Florida.
- c) The audit firm's professional personnel have received adequate continuing professional education within the preceding two years.
- d) The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
- e) The firm adheres to the instructions in this Request for Qualifications/Proposal on preparing and submitting the proposal.

2. Technical Qualifications

a) Expertise and Experience

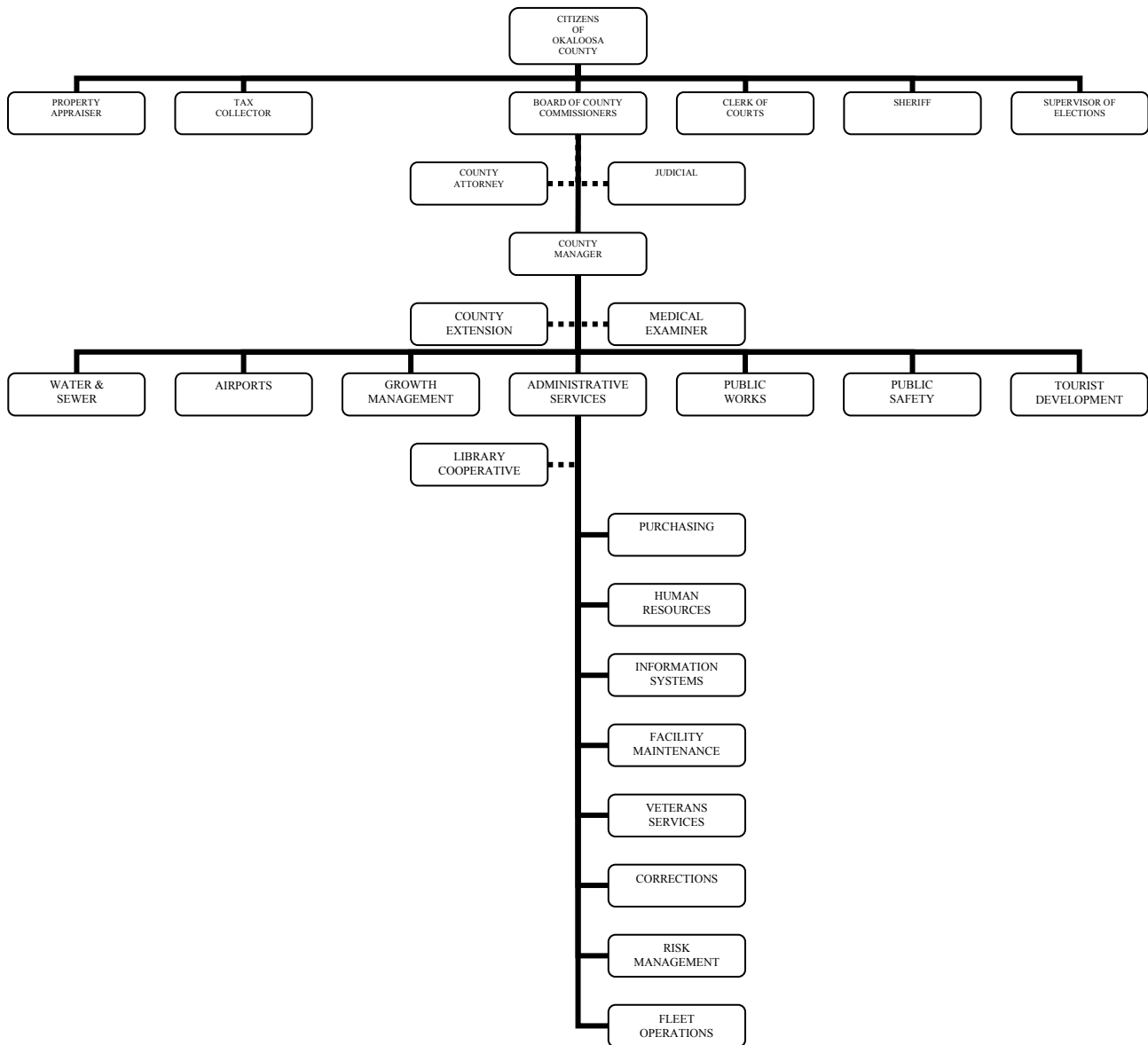
- (1) The firm's qualifications, experience, size and location.
- (2) The firm's past experience and performance on comparable government engagements.
- (3) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
- (4) Adequacy of Audit Approach, including proposed staffing plan for various segments of the engagement, internal control assessment, analytical procedures, and sampling techniques.

ORAL PRESENTATIONS - During the evaluation process, the Auditor Selection Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Auditor Selection Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

FINAL SELECTION - The Auditor Selection Committee will determine three finalists. Each finalist will be requested to submit their schedule of fees and expenses for the audit. After evaluation of the qualifications herein and the submitted schedule of professional fees and expenses, the Auditor Selection Committee will recommend the top-ranked firm for approval by the Okaloosa County Board of County Commissioners. It is anticipated that a firm will be selected by March 26, 2004. Following notification of the firm selected, it is expected a contract will be executed between both parties in April 2004.

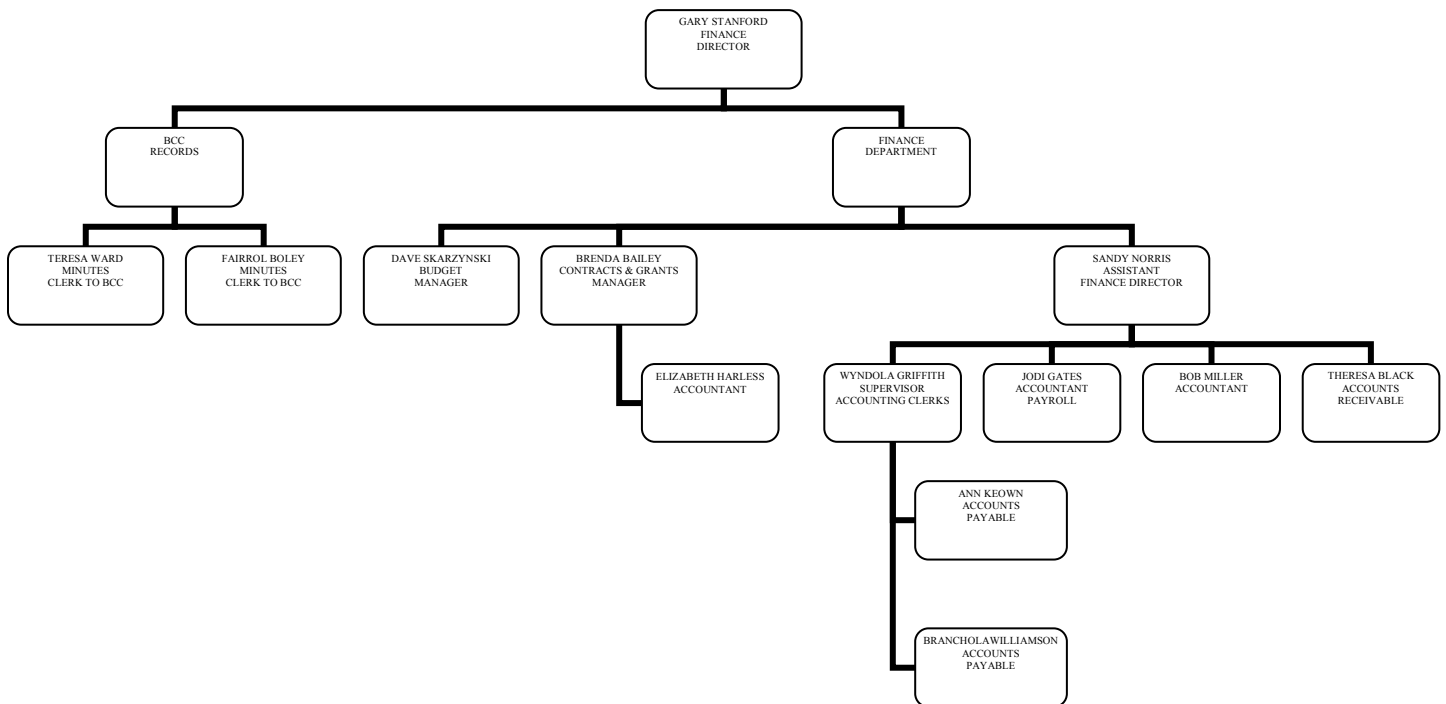
APPENDIX A

**Board of County Commissioners
Okaloosa County, Florida
FISCAL YEAR 2004**



APPENDIX B

OKALOOSA COUNTY CLERK OF COURTS - FINANCE
ORGANIZATION CHART
OCTOBER 1, 2003



APPENDIX C

OKALOOSA COUNTY, FLORIDA

COUNTY OFFICIALS

COUNTY COMMISSIONERS

Sherry Campbell, 101 E James Lee BlvdDistrict I
Elaine Tucker, 1804 Lewis Turner Blvd.....District II
Bill Roberts, 1804 Lewis Turner Blvd.....District III
Paula Riggs, 1804 Lewis Turner Blvd.....District IV
Jackie Burkett, 1804 Lewis Turner BlvdDistrict V

OTHER ELECTED OFFICIALS

Newman C. Brackin, 101 E James Lee Blvd.....Clerk of Court
Charles W. Morris, 50 2nd Street.....Sheriff
Chris Hughes, 151 NE Eglin Pkwy.....Tax Collector
Pete Smith, 151 NE Eglin PkwyProperty Appraiser
Patricia M. Hollarn, 101 E James Lee Blvd.....Supervisor of Elections

OTHER OFFICIALS

John Dowd, 901 N Eglin Pkwy.....County Attorney
Chris Holley, 1804 Lewis Turner Blvd.....County Manager

OKALOOSA COUNTY, FLORIDA
REQUEST FOR QUALIFICATIONS/PROPOSAL – PROFESSIONAL AUDIT SERVICES

APPENDIX D

Suggested Format
“Notification of Interest”

Date:

Gary J. Stanford, CPFO, CGFO
Finance Director
Okaloosa County Clerk of the Court
101 E James Lee Blvd, Room 118
Crestview, FL 32536

Re: Notification of Interest

Dear Mr. Stanford:

Our firm is interested in submitting a Request for Qualifications/Proposal to audit three years of the basic financial statement of Okaloosa County. The three years commence with the fiscal year ending September 30, 2004 and include fiscal year ending September 30, 2005, and end with fiscal year ending September 30, 2006. We also understand the County has an option to renew for one additional two (2) year term beyond the initial three (3) year term. In addition please send our firm a written summary of the non-mandatory preproposal conference being held on Tuesday, March 2, 2004, and any other correspondence clarifying the Request for Qualifications/Proposal. All correspondence concerning this matter to our firm should be sent to the attention of at the following address:

Sincerely,

APPENDIX E

INDEMNIFICATION AND HOLD HARMLESS

To the fullest extent permitted by law, CONTRACTOR shall indemnify and hold harmless COUNTY, its officers and employees from liabilities, damages, losses, and costs including but not limited to reasonable attorney fees, to the extent caused by the negligence, recklessness, or intentional wrongful conduct of the CONTRACTOR and other persons employed or utilized by the CONTRACTOR in the performance of this Agreement.

Bidder's Company Name

Authorized Signature – Manual

Physical Address

Authorized Signature – Typed

Mailing Address

Title

Phone Number

FAX Number

Cellular Number

After-Hours Number(s)

DATE