



**State Term Contract 84111600-20-1
For
Financial and Performance Audits**

This Contract is between the State of Florida, Department of Management Services (Department), an agency of the State of Florida and **CHERRY BEKAERT LLP** (Contractor), collectively referred to herein as the “Parties.”

Accordingly, the Parties agree as follows:

I. Initial Contract Term.

The Initial Contract Term shall be for three years. The Initial Contract Term shall begin on March 1, 2021 or the date of the last signature on this Contract, whichever occurs later. The Contract shall expire on February 29, 2024 unless terminated earlier in accordance with the incorporated Special Contract Conditions.

II. Renewal Term.

Upon mutual written agreement, the Parties may renew this Contract, in whole or in part, for a Renewal Term not to exceed the Initial Contract Term, pursuant to the incorporated Special Contract Conditions.

III. Contract.

As used in this document, “Contract” (whether or not capitalized) shall, unless the context requires otherwise, include this document and all incorporated Attachments, which set forth the entire understanding of the Parties and supersedes all prior agreements. All modifications to this Contract must be in writing and signed by all Parties.

All Attachments listed below are incorporated in their entirety into, and form part of, this Contract. The Contract Attachments shall have priority in the order listed:

- a) Special Contract Conditions, Contract Attachment B
- b) Contractor’s submitted Cost Proposal, Contract Attachment A
- c) Customer Contract or Purchase Order(s)
- d) Contractor’s submitted Technical Proposal, Contract Attachment C
- e) Authorized Services List, Contract Attachment D
- f) Contractor Information Form, Contract Attachment E
- g) No Offshoring, Contract Attachment F
- h) Subcontracting, Contract Attachment G

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IV. Statement of Work.

a) Scope of Services.

The Contractor will provide Financial and Performance Audit (FPA) services, giving an attestation of whether the financial statements of an audited entity fairly present the financial position, results of operations, and cash flows in conformity with generally accepted accounting principles. This includes audits of financial statements prepared in conformity with standards of accounting issued by the Statement of Federal Financial Accounting Standards (SFFAS). Services are provided on an as-needed basis, with no guaranteed or minimum spend.

In order to purchase services under this Contract, Customers will issue Requests for Quotes (RFQs) to contractors available under the Financial and Performance Audits State Term Contract (see section IV. f), Request for Quote(s) Requirement, below, for more specifics on this requirement), which will include a Customer-specific Statement of Work ("Customer SOW") detailing the specific services or projects to be performed by the selected contractor, which will also be set forth in the contract or MyFloridaMarketPlace (MFMP) purchase order (collectively referred to as a "PO") between the Customer and selected contractor.

b) Pricing.

The attached Cost Proposal, Contract Attachment A, provides maximum hourly rates for services. In lieu of hourly pricing, Customers may request project-based pricing to accomplish goals and tasks that include more complex requirements. Customers who choose to use a project-based pricing model are not exempt from the requirements listed in section IV. f), Request for Quote(s) Requirement, and must negotiate all pricing, fees and related expenses associated with the completion of each task and deliverable with the selected contractor. Project-based pricing should be fully detailed in the Customer SOW. The project-based pricing is intended to provide predictability and a discount to Customers relative to the maximum hourly rates. Under no circumstance may a project-based price be permitted to be greater than the hourly rates.

c) Job Titles and Duties.

The following sections describe the responsibilities of the personnel provided by the Contractor, in accordance with the terms of the Contract, who are used to provide Customers with services pursuant to the Customer SOW set forth in the Customer's PO (Customers may supplement these duties in their Customer SOWs provided the duties do not exceed or conflict with this Contract).

1. *Principal Consultant:* A minimum of ten (10) years' experience in duties associated with FPA services is required for Principal Consultant positions. The functional responsibilities of this position may include, but are not limited to:

- Providing executive-level consultation services to the Customer
- Providing senior-level interface with the Customer and managing daily operations
- Ensuring the timely performance and completion of all obligations under the PO

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- Organizing and directing the overall performance of the Customer PO
- Possessing the authority to make binding decisions on behalf of the Contractor
- Formulating organizational strategy and directing major strategic initiatives
- Ensuring that goals and objectives are accomplished within budgetary parameters
- Developing and maintaining Customer relationships
- Assisting on large, complex or multi-discipline engagements
- Allocating financial and human resources and material assets
- Formulating and enforcing work standards
- Participating in the design phase of tasks and ensuring their successful execution

2. *Senior Consultant:* A minimum of ten (10) years' experience in duties associated with FPA services is required for Senior Consultant positions. The functional responsibilities of this position may include, but are not limited to:

- Managing the day-to-day operations
- Ensuring the quality and timely completion of projects or services
- Providing technical and subject matter expertise in fulfillment of Customer SOWs
- Participating as a senior team member providing high-level consulting services
- Planning, organizing, and executing tasks in successful delivery of projects or services
- Developing and defining strategic visions
- Planning, directing, controlling, scheduling, coordinating, and organizing management of tasks
- Providing Customer interface in fulfillment of Customer SOWs
- Possessing authority and responsibility for the execution of Customer SOWs
- Planning, organizing, and overseeing all subordinate work efforts
- Ensuring quality standards and work performance on Customer SOWs
- Organizing, directing, and managing support services

3. *Consultant:* A minimum of five (5) years' experience in duties associated with FPA services is required for Consultant positions. The functional responsibilities of this position may include, but are not limited to:

- Applying administrative, consultative, and technical expertise in fulfillment of Customer SOWs
- Planning, organizing, executing, and controlling project tasks in successful delivery of projects or services
- Interfacing with Customer on a day-to-day basis to ensure timely delivery of project or services
- Applying a broad set of management skills and technical expertise as a project leader
- Providing solutions through analysis
- Directing subordinates in the completion of tasks orders
- Organizing, directing, and managing support services
- Assigning tasks and overseeing projects or other services under the Customer SOWs
- Directing activities in fulfillment of Customer SOWs

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- Training Customer personnel through formal classroom courses, workshops, or seminars

4. *Junior Consultant:* A minimum of three (3) years' experience in duties associated with FPA services is required for Junior Consultant positions. The functional responsibilities of this position may include, but are not limited to:

- Applying a broad set of subject matter and technical expertise
- Directing projects or services under the Customer SOWs within estimated timeframes and budget constraints
- Organizing, directing, and managing support services
- Serving as a member of a team performing mid-level assignments
- Providing solutions through analysis
- Conducting Customer training through formal classroom courses, workshops, and seminars

5. *Program and Administrative Support:* The functional responsibilities of this position may include, but are not limited to:

- Coordinating and providing administrative support services to Contractor staff and Customer
- Supporting the provision of services or production of project deliverables and performing administrative functions required to complete tasks
- Providing graphics and editorial support services and desktop publishing services
- Maintaining version control of project documents
- Providing direct support to consulting staff, including supporting the development of all deliverables

d) Anticipated Preferences.

The following contains anticipated Customer-specific preferences of Contractor and its personnel in providing Customer-specific services or projects pursuant to the Customer SOWs, as set forth in the Customer POs. Customers may request in their RFQs that the Contractor conform with the Customer-specific preferences including, but not limited to, the following:

- Knowledge of government business practices, which is inclusive of State of Florida practices.
- Knowledge of standards of accounting issued by Statement of Federal Financial Accounting Standards (SFFAS).

e) Services.

The services the Contractor, through its personnel, may provide include:

- Financial Statements Audits - Audit of financial statements prepared in conformity with standards of accounting issued by SFFAS and by the American Institute of Certified Public Accountants (AICPA).
- Audits of Segments of Financial Statements - Audit of financial information (i.e., statement of revenue and expenses, statement of cash receipts and disbursements,

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statement of fixed assets, budget requests, and variances between estimated and actual financial performance).

- Internal Controls Audits
 - Audit for compliance with laws and regulations such as those governing the bidding for, accounting for, and reporting on grants and contracts including proposals, amounts billed, and amounts due on termination claims.
 - Audit financial reporting and safeguarding of assets including the use of computer-based systems.
- Economy and Efficiency Audits
 - Assess business practices.
 - Evaluate acquisition of appropriate type, quality, and amount of resources at an appropriate cost.
 - Assess duplication of effort by employees and identify work that serves little or no purpose.
 - Evaluate the optimum amount of resources (staff, equipment, and facilities) in producing or delivering the appropriate quantity and quality of goods or services in a timely manner.
 - Evaluate compliance with requirements of laws and regulations that could significantly affect the acquisition, protection, and use of resources.
 - Assess management control systems for measuring, reporting, and monitoring a program's economy and efficiency.
 - Evaluate reported measures of economy and efficiency.
- Program Results and Program Fraud Audits
 - Assess whether the objectives of a new or ongoing program are proper, suitable, or relevant.
 - Determine the extent to which a program achieves a desired level of program results.
 - Assess the effectiveness of the program and/or individual program components.
 - Determine whether the program complements, duplicates, overlaps, or conflicts with other related programs.
 - Assess compliance with laws and regulations applicable to the program

f) Request for Quote(s) Requirement.

1. Customer SOW. Customers needing FPA services will create an RFQ each time they desire to solicit these services. The Customer shall issue a detailed RFQ that specifies a term and includes a Customer SOW stating the services, service levels, educational qualifications, and experience needed. Customers should also consider including the following information in their RFQs under the Financial and Performance Audits State Term Contract:

- Statement of purpose.
- Customer project job duties.
- Required tasks and deliverables, completion of which is subject to Customer acceptance.
- Requirement for contractor to provide an estimate of the hours needed to complete the projects or deliverables, as described in the Customer SOW.
- Customer project timeline.

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- List of contractor responsibilities.
- Necessary qualifications/certifications of the individuals/organization performing work on the Customer project.
- Customer-specific financial consequences for non-performance (note that the financial consequences listed in section IV. g), Financial Consequences, are only in regard to the Contractor's obligation to submit reports to the Department).
- Customer-specific terms and conditions.

When creating a Customer SOW, Customers are permitted to negotiate terms and conditions which supplement those contained in this Contract. Such additional terms must be for services contemplated in the Contract and must not reduce the Contractor's obligations under the Contract (if any such conflicting terms are included in the Customer SOW, the conflict between the terms of the Customer SOW and this Contract will be resolved in favor of terms most favorable to the Customer). Specific terms and conditions within a Customer SOW are only applicable to the Customer's PO.

2. Minimum Number of RFQs Sent by Customer.

Customers Utilizing MFMP: All Customers who utilize MFMP must use the MFMP Sourcing application for creating RFQs under the Financial and Performance Audits State Term Contract. The Customer shall select at least three (3) contractors available under the Financial and Performance Audits State Term Contract and authorized to provide the type of services being requested, to which to send its RFQ. MFMP sourcing will automatically add an additional five (5) randomly selected contractors available under the Financial and Performance Audits State Term Contract to the RFQ event. All eight (8) contractors sent the RFQ will receive a notification of the RFQ and may respond. Customers may view the RFQ Contractor List on the event's "Overview" tab. If fewer than eight (8) contractors are available under the Financial and Performance Audits State Term Contract, and authorized to provide the type of services being requested, the Customer shall send the RFQ to all of the contractors available under the Financial and Performance Audits State Term Contract that are authorized to provide the type of services being requested.

Customers Not Utilizing MFMP: Customers who do not utilize MFMP shall create an RFQ document each time they desire to solicit FPA services and shall send the RFQ document electronically via email to at least (8) contractors available under the Financial and Performance Audits State Term Contract and authorized to provide the type of services being requested. If fewer than eight (8) contractors are available under the Financial and Performance Audits State Term Contract, and authorized to provide the type of services being requested, the Customer shall send the RFQ to all of the contractors available under the Financial and Performance Audits State Term Contract that are authorized to provide the type of services being requested.

4. RFQ Format. The specific format of the RFQ is left to the discretion of the Customer's Contracting Officer. Pursuant to section 287.056(2), F.S., RFQs performed within the scope of the Financial and Performance Audits State Term Contract are not independent

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competitive solicitations and are not subject to the notice or challenge provisions of section 120.57(3), F.S.

g) Department- Specific Financial Consequences.

Financial consequences will be assessed for failure to submit the reports required by the Contract. Financial consequences will be assessed on a daily basis for each individual failure until the submittal is accomplished to the satisfaction of the Department and will apply to each target period beginning with the first full month or quarter of the Contractor's performance, as applicable, and each and every month/quarter thereafter. The Department reserves the right to recoup such financial consequences by withholding payment or by requiring the Contractor to pay financial consequences via check or money order in US Dollars within thirty (30) calendar days after the required report submission date. The Department also reserves the right to implement other appropriate remedies, such as Contract termination or non-renewal, when the Contractor has failed to perform/comply with the provisions of the Contract.

Contract Requirement	Description	Frequency	Daily Financial Consequences for Non-Performance
Timely Submission of complete and accurate Contract Quarterly Sales Report	Submit Quarterly Sales Report in accordance with section IV.I)2.	Each quarter	\$250
Timely Submission of complete and accurate MFMP Transaction Fee Report	Submit MFMP Transaction Fee in accordance with section IV.I)1.	Each month	\$100

For Customer-specific financial consequences, as set forth in the Customer PO, the Customer may collect financial consequences by reducing payments to the Contractor or by requiring the Contractor to pay via check or money order in US Dollars, made out to the Customer, within thirty (30) calendar days after the financial consequence began to accrue.

h) Contractor's Administrative Responsibilities.

The Contractor shall provide all management, administrative, clerical, and supervisory functions required for the effective and efficient performance of all Customer POs it accepts, and shall have sole responsibility for the supervision, daily direction and control, payment of salary (including withholding of income taxes and social security), and any benefits for its personnel. The Contractor is accountable for the actions of its personnel.

Contractor's management responsibilities include, but are not limited to, the following:

- Ensuring personnel understand the work to be performed on Customer POs to which they are assigned;

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- Ensuring personnel know their management chain and adhere to Contractor policies and exhibit professional conduct to perform in the best interest of the Customer;
- Ensuring personnel adhere to applicable laws, regulations, and Contract conditions governing Contractor performance and relationships with the Customer;
- Regularly assessing personnel performance and providing feedback to improve overall task performance; and
- Ensuring high quality results are achieved through task performance.

i) Contractor Warranty.

The Contractor agrees to the following representation and warranty:

Should any defect or deficiency in any deliverable, or the remedy of such defect or deficiency, cause incorrect data to be introduced into any Customer's database or cause data to be lost, the Contractor shall be required to correct and reconstruct, within the timeframe established by the Customer, all production, test, acceptance, and training files or databases affected, at no additional cost to the Customer.

j) Business Days.

The Contractor shall provide all services to Customers Mondays through Fridays, except on holidays observed by the Customer. Days observed as holidays by State agencies are provided via the link below:

https://www.dms.myflorida.com/workforce_operations/human_resource_management/for_state_personnel_system_hr_practitioners/state_holidays

Customers may observe additional holidays which, if any, will be detailed in the Customer's PO.

k) Routine Communications.

All routine communications and reports related to the Contract shall be sent to the Department's Contract Manager. If any information listed on the Contract Information form (Contract Attachment E) changes during the life of the Contract, then the Contractor shall update the form and submit it to the Department's Contract Manager (such update does not necessitate a formal amendment to the Contract). Communications relating to a Customer PO should be addressed to the contact person identified in the PO. Communications may be by e-mail, regular mail, or telephone.

l) Contract Reporting.

The Contractor shall report information on orders received from Customers under the Contract. The Contractor shall submit the following reports:

1. MFMP Transaction Fee Report.

The Contractor shall submit monthly Transaction Fee Reports in the Department's electronic format. Reports are due fifteen (15) calendar days after the end of the calendar month. For information on how to submit Transaction Fee Reports online, please reference the detailed fee reporting instructions and vendor training presentations available online on the "Transaction Fee & Reporting" and "Training for Vendors"

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subsections under "Vendors" on the MFMP website. Assistance with Transaction Fee Reporting is also available from the MFMP Customer Service Desk by email at feeprocessing@myfloridamarketplace.com or telephone at 866-FLA-EPRO (866-352-3776) from 8:00 a.m. to 6:00 p.m. Eastern Time.

2. Contract Quarterly Sales Reports.

The Contractor shall submit a Contract Quarterly Sales report electronically, in the required format, to the Department's Contract Manager within fifteen (15) calendar days after the close of each State Fiscal quarter listed below. Failure to provide the Contract Quarterly Sales report will result in the imposition of financial consequences. Initiation and submission of the Contract Quarterly Sales report is the responsibility of the Contractor without prompting or notification by the Department. Sales will be reviewed on a quarterly basis. If no sales are recorded in two consecutive Contract quarters, the Department may terminate the Contract.

Quarter 1 – (July-September) – due fifteen (15) calendar days after the close of the fiscal quarter.

Quarter 2 – (October-December) – due fifteen (15) calendar days after the close of the fiscal quarter.

Quarter 3 – (January-March) – due fifteen (15) calendar days after the close of the fiscal quarter.

Quarter 4 – (April-June) – due fifteen (15) calendar days after the close of the fiscal quarter.

3. Diversity Report.

The Contractor shall report to each Customer, fifteen (15) business days after the end of the State fiscal year, the spend with certified and other minority business enterprises. These reports shall include the period covered, the name, minority code, and Federal Employer Identification Number of each minority business utilized during the period; commodities and services provided by the minority business enterprise; and the amount paid to each minority business on behalf of each purchasing agency ordering under the terms of this Contract.

4. Ad-hoc Report.

The Department may require additional Contract information such as copies of Customer POs or ad hoc sales reports. The Contractor shall submit these specific ad hoc reports within 30 days of the request or a specified amount of time as requested by the Department.

m) Business Review Meetings.

Each quarter the Department may request a business review meeting. The business review meeting may include, but is not limited to, the following:

- Successful completion of deliverables
- Review of the Contractor's performance
- Review of minimum required reports
- Addressing of any elevated Customer issues

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- Review of continuous improvement ideas that may help lower total costs and/or improve business efficiencies.

n) Price Adjustments.

The Contractor shall adhere to the initial and renewal term hourly rates (pricing) provided in its Cost Proposal. The Department will not allow for increases to these prices. Negotiated prices are not-to-exceed prices and lower prices may be negotiated by the Department and/or the Customer.

o) Contract Transition.

Upon the expiration or termination of the Contract, the Contractor shall ensure a seamless transfer of Contract responsibilities to the Department or any subsequent vendor as necessary to transition the services provided under the Contract. The Contractor agrees to cooperate with the Department and any subsequently awarded vendor to coordinate the transition including, but not limited to, attending meetings and furnishing necessary information. The Contractor shall assume all expenses related to its obligations to assist in the Contract transition.

V. Contract Management.

Department's Contract Manager:

Christia Nunnery

Division of State Purchasing

Florida Department of Management Services

4050 Esplanade Way, Suite 360.8X

Tallahassee, Florida 32399-0950

Telephone: (850) 488-8367

Email: Christia.Nunnery@dms.myflorida.com

IN WITNESS THEREOF, the Parties hereto have caused this Contract, which includes the incorporated Attachments, to be executed by their undersigned officials as duly authorized. This Contract is not valid and binding until signed and dated by the Parties.

CHERRY BEKAERT LLP

DocuSigned by:

Ronald A. Conrad

059654EDB7CC49D
Ronald A. Conrad
Partner

2/17/2021 | 3:12 PM EST

Date:

**STATE OF FLORIDA,
DEPARTMENT OF MANAGEMENT SERVICES**

DocuSigned by:

Tami Fillyaw

991459A211104A3...
Tami Fillyaw
Chief of Staff

2/18/2021 | 4:55 PM EST

Date:

Contract Attachment A: Cost Proposal
Request For Proposals
No. 06-80101500-J
Management Consulting Services and Financial and Performance Audits

Respondent Name	Cherry Bekaert
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INSTRUCTIONS
The Respondent may respond to one or both Service Categories. The Respondent is not required to respond to both Service Categories. However, the Respondent must provide pricing for all job titles within each Service Category for which the Respondent is submitting a Technical Proposal.
For Respondent to be considered for an award in a Service Category, the Respondent is required to submit pricing for all job titles within the Service Category they are proposing to offer services for both the Initial Term and Renewal Term. The Respondent must submit a price in all yellow highlighted cells for the Service Category for which the Respondent is proposing services. The Department will not consider or evaluate a proposal for any Service Category that fails to provide pricing for all job titles in a Service Category for both the Initial Term and Renewal Term.
Please refer to the Job Titles and Duties section of Attachment C (for Management Consulting Services) and Attachment D (for Financial and Performance Audits) for the minimum qualifications and responsibilities of the job titles listed below.
This Attachment A, Cost Proposal, establishes pricing for services offered for the term of the contract and any renewals. The Respondent shall not exceed this pricing when providing services under any resultant contract.
Provide pricing in dollar amounts; amounts may include cents (e.g. \$0.05), but cannot include fractions of cents (e.g. \$0.005).
Proposed costs are ceiling rates inclusive of any and all costs associated with providing services.

Service Category 2: Financial and Performance Audits		
JOB TITLE	<u>INITIAL</u> TERM HOURLY RATE	<u>RENEWAL</u> TERM HOURLY RATE
Principal Consultant	\$245.00	\$260.00
Senior Consultant	\$185.00	\$195.00
Consultant	\$135.00	\$142.00
Junior Consultant	\$105.00	\$110.00
Program and Administrative Support	\$68.00	\$71.00

Contract Attachment B
SPECIAL CONTRACT CONDITIONS
JULY 1, 2019 VERSION

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In accordance with Rule 60A-1.002(7), F.A.C., Form PUR 1000 is included herein by reference but is superseded in its entirety by these Special Contract Conditions.

SECTION 1. DEFINITION.

The following definition applies in addition to the definitions in Chapter 287, Florida Statutes (F.S.), and Rule Chapter 60A-1, Florida Administrative Code (F.A.C.):

1.1 Customer.

The agency or eligible user that purchases commodities or contractual services pursuant to the Contract.

SECTION 2. CONTRACT TERM AND TERMINATION.

2.1 Initial Term.

The initial term will begin on the date set forth in the Contract documents or on the date the Contract is signed by all Parties, whichever is later.

2.2 Renewal.

Upon written agreement, the Department and the Contractor may renew the Contract in whole or in part only as set forth in the Contract documents, and in accordance with section 287.057(13), F.S.

2.3 Suspension of Work and Termination.

2.3.1 Suspension of Work.

The Department may, at its sole discretion, suspend any or all activities under the Contract, at any time, when it is in the best interest of the State of Florida to do so. The Customer may suspend a resulting contract or purchase order, at any time, when in the best interest of the Customer to do so. The Department or Customer will provide the Contractor written notice outlining the particulars of the suspension. After receiving a suspension notice, the Contractor must comply with the notice and will cease the performance of the Contract or purchase order. Suspension of work will not entitle the Contractor to any additional compensation. The Contractor will not resume performance of the Contract or purchase order until so authorized by the Department.

2.3.2 Termination for Convenience.

The Contract may be terminated by the Department in whole or in part at any time, in the best interest of the State of Florida. If the Contract is terminated before performance is completed, the Contractor will be paid only for that work satisfactorily performed for which costs can be substantiated. Such payment, however, may not exceed an amount which is the same percentage of the Contract price as the amount of work satisfactorily performed. All work in progress will become the property of the Customer and will be turned over promptly by the Contractor.

2.3.3 Termination for Cause.

If the performance of the Contractor is not in compliance with the Contract requirements or the Contractor has defaulted, the Department may:

- (a) immediately terminate the Contract;
- (b) notify the Contractor of the noncompliance or default, require correction, and specify the date by which the correction must be completed before the Contract is terminated; or
- (c) take other action deemed appropriate by the Department.

SECTION 3. PAYMENT AND FEES.

3.1 Pricing.

The Contractor will not exceed the pricing set forth in the Contract documents.

3.2 Price Decreases.

The following price decrease terms will apply to the Contract:

3.2.1 Quantity Discounts. Contractor may offer additional discounts for one-time delivery of large single orders;

3.2.2 Preferred Pricing. The Contractor guarantees that the pricing indicated in this Contract is a maximum price. Additionally, Contractor's pricing will not exceed the pricing offered under comparable contracts. Comparable contracts are those that are similar in size, scope, and terms. In compliance with section 216.0113, F.S., Contractor must annually submit an affidavit from the Contractor's authorized representative attesting that the Contract complies with this clause.

3.2.3 Sales Promotions. In addition to decreasing prices for the balance of the Contract term due to a change in market conditions, the Contractor may conduct sales promotions involving price reductions for a specified lesser period. The Contractor must submit documentation identifying the proposed: (1) starting and ending dates of the promotion, (2) commodities or contractual services involved, and (3) promotional prices compared to then-authorized prices.

3.3 Payment Invoicing.

The Contractor will be paid upon submission of invoices to the Customer after delivery and acceptance of commodities or contractual services is confirmed by the Customer. Invoices must contain sufficient detail for an audit and contain the Contract Number and the Contractor's Federal Employer Identification Number.

3.4 Purchase Order.

A Customer may use purchase orders to buy commodities or contractual services pursuant to the Contract and, if applicable, the Contractor must provide commodities or contractual services pursuant to purchase orders. Purchase orders issued pursuant to the Contract must be received by the Contractor no later than the close of business on the last day of the Contract's term. The Contractor is required to accept timely purchase orders specifying delivery schedules that extend beyond the Contract term even when such extended delivery will occur after expiration of the Contract. Purchase orders shall be valid through their specified term and performance by the Contractor, and all terms and conditions of the Contract shall survive the termination or expiration of the Contract and apply to the Contractor's performance. The duration of purchase orders for recurring deliverables shall not exceed the expiration of the Contract by more than twelve months. Any purchase order terms and conditions conflicting with these Special Contract Conditions shall not become a part of the Contract.

3.5 Travel.

Travel expenses are not reimbursable unless specifically authorized by the Customer in writing and may be reimbursed only in accordance with section 112.061, F.S.

3.6 Annual Appropriation.

Pursuant to section 287.0582, F.S., if the Contract binds the State of Florida or an agency for the purchase of services or tangible personal property for a period in excess of one fiscal year, the State of Florida's performance and obligation to pay under the Contract is contingent upon an annual appropriation by the Legislature.

3.7 Transaction Fees.

The State of Florida, through the Department of Management Services, has instituted MyFloridaMarketPlace, a statewide eProcurement system pursuant to section 287.057(22), F.S. All payments issued by Customers to registered Vendors for purchases of commodities or contractual services will be assessed Transaction Fees as prescribed by rule 60A-1.031, F.A.C., or as may otherwise be established by law. Vendors must pay the Transaction Fees and agree to automatic deduction of the Transaction Fees when automatic deduction becomes available. Vendors will submit any monthly reports required pursuant to the rule. All such reports and payments will be subject to audit. Failure to comply with the payment of the Transaction Fees or reporting of transactions will constitute grounds for declaring the Vendor in default and subject the Vendor to exclusion from business with the State of Florida.

3.8 Taxes.

Taxes, customs, and tariffs on commodities or contractual services purchased under the Contract will not be assessed against the Customer or Department unless authorized by Florida law.

3.9 Return of Funds.

Contractor will return any overpayments due to unearned funds or funds disallowed pursuant to the terms of the Contract that were disbursed to the Contractor. The Contractor must return any overpayment within forty (40) calendar days after either discovery by the Contractor, its independent auditor, or notification by the Department or Customer of the overpayment.

SECTION 4. CONTRACT MANAGEMENT.

4.1 Composition and Priority.

The Contractor agrees to provide commodities or contractual services to the Customer as specified in the Contract. Additionally, the terms of the Contract supersede the terms of all prior agreements between the Parties on this subject matter.

4.2 Notices.

All notices required under the Contract must be delivered to the designated Contract Manager in a manner identified by the Department.

4.3 Department's Contract Manager.

The Department's Contract Manager, who is primarily responsible for the Department's oversight of the Contract, will be identified in a separate writing to the Contractor upon Contract signing in the following format:

Department's Contract Manager Name

Department's Name
Department's Physical Address
Department's Telephone #
Department's Email Address

If the Department changes the Contract Manager, the Department will notify the Contractor. Such a change does not require an amendment to the Contract.

4.4 Contractor's Contract Manager.

The Contractor's Contract Manager, who is primarily responsible for the Contractor's oversight of the Contract performance, will be identified in a separate writing to the Department upon Contract signing in the following format:

Contractor's Contract Manager Name
Contractor's Name
Contractor's Physical Address
Contractor's Telephone #
Contractor's Email Address

If the Contractor changes its Contract Manager, the Contractor will notify the Department. Such a change does not require an amendment to the Contract.

4.5 Diversity.

4.5.1 Office of Supplier Diversity.

The State of Florida supports its diverse business community by creating opportunities for woman-, veteran-, and minority-owned small business enterprises to participate in procurements and contracts. The Department encourages supplier diversity through certification of woman-, veteran-, and minority-owned small business enterprises and provides advocacy, outreach, and networking through regional business events. For additional information, please contact the Office of Supplier Diversity (OSD) at osdinfo@dms.myflorida.com.

4.5.2 Diversity Reporting.

Upon request, the Contractor will report to the Department its spend with business enterprises certified by the OSD. These reports must include the time period covered, the name and Federal Employer Identification Number of each business enterprise utilized during the period, commodities and contractual services provided by the business enterprise, and the amount paid to the business enterprise on behalf of each agency purchasing under the Contract.

4.6 RESPECT.

Subject to the agency determination provided for in section 413.036, F.S., the following statement applies:

IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT ANY ARTICLES THAT ARE THE SUBJECT OF, OR REQUIRED TO CARRY OUT, THIS CONTRACT SHALL BE PURCHASED FROM A NONPROFIT AGENCY FOR THE BLIND OR FOR THE SEVERELY HANDICAPPED THAT IS QUALIFIED PURSUANT TO CHAPTER 413, FLORIDA STATUTES, IN THE SAME MANNER AND UNDER THE SAME PROCEDURES SET FORTH IN SECTION 413.036(1) AND (2), FLORIDA STATUTES;

AND FOR PURPOSES OF THIS CONTRACT THE PERSON, FIRM, OR OTHER BUSINESS ENTITY CARRYING OUT THE PROVISIONS OF THIS CONTRACT SHALL BE DEEMED TO BE SUBSTITUTED FOR THE STATE AGENCY INsofar AS DEALINGS WITH SUCH QUALIFIED NONPROFIT AGENCY ARE CONCERNED.

Additional information about RESPECT and the commodities or contractual services it offers is available at <https://www.respectofflorida.org>.

4.7 PRIDE.

Subject to the agency determination provided for in sections 287.042(1) and 946.515, F.S., the following statement applies:

IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT ANY ARTICLES WHICH ARE THE SUBJECT OF, OR REQUIRED TO CARRY OUT, THIS CONTRACT SHALL BE PURCHASED FROM THE CORPORATION IDENTIFIED UNDER CHAPTER 946, F.S., IN THE SAME MANNER AND UNDER THE SAME PROCEDURES SET FORTH IN SECTION 946.515(2) AND (4), F.S.; AND FOR PURPOSES OF THIS CONTRACT THE PERSON, FIRM, OR OTHER BUSINESS ENTITY CARRYING OUT THE PROVISIONS OF THIS CONTRACT SHALL BE DEEMED TO BE SUBSTITUTED FOR THIS AGENCY INsofar AS DEALINGS WITH SUCH CORPORATION ARE CONCERNED.

Additional information about PRIDE and the commodities or contractual services it offers is available at <https://www.pride-enterprises.org>.

SECTION 5. COMPLIANCE WITH LAWS.

5.1 Conduct of Business.

The Contractor must comply with all laws, rules, codes, ordinances, and licensing requirements that are applicable to the conduct of its business, including those of federal, state, and local agencies having jurisdiction and authority. For example, the Contractor must comply with section 274A of the Immigration and Nationality Act, the Americans with Disabilities Act, Health Insurance Portability and Accountability Act, if applicable, and all prohibitions against discrimination on the basis of race, religion, sex, creed, national origin, handicap, marital status, or veteran's status. The provisions of subparagraphs 287.058(1)(a)-(c), and (g), F.S., are hereby incorporated by reference.

5.2 Dispute Resolution, Governing Law, and Venue.

Any dispute concerning performance of the Contract shall be decided by the Department's designated Contract Manager, who will reduce the decision to writing and serve a copy on the Contractor. The decision of the Contract Manager shall be final and conclusive. Exhaustion of this administrative remedy is an absolute condition precedent to the Contractor's ability to pursue legal action related to the Contract or any other form of dispute resolution. The laws of the State of Florida govern the Contract. The Parties submit to the jurisdiction of the courts of the State of Florida exclusively for any legal action related to the Contract. Further, the Contractor hereby waives all privileges and rights relating to venue it may have under Chapter 47, F.S., and all such venue privileges and rights it may have under any other statute, rule, or case law, including, but not limited to, those based on convenience. The Contractor hereby submits to venue in the county chosen by the Department.

5.3 Department of State Registration.

Consistent with Title XXXVI, F.S., the Contractor and any subcontractors that assert status, other than a sole proprietor, must provide the Department with conclusive evidence of a certificate of status, not subject to qualification, if a Florida business entity, or of a certificate of authorization if a foreign business entity.

5.4 Suspended, Convicted, and Discriminatory Vendor Lists.

In accordance with sections 287.042, 287.133, and 287.134, F.S., an entity or affiliate who is on the Suspended Vendor List, Convicted Vendor List, or Discriminatory Vendor List may not perform work as a contractor, supplier, subcontractor, or consultant under the Contract. The Contractor must notify the Department if it or any of its suppliers, subcontractors, or consultants have been placed on the Suspended Vendor List, Convicted Vendor List, or Discriminatory Vendor List during the term of the Contract.

5.5 Scrutinized Companies - Termination by the Department.

The Department may, at its option, terminate the Contract if the Contractor is found to have submitted a false certification as provided under section 287.135(5), F.S., or been placed on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or been engaged in business operations in Cuba or Syria, or to have been placed on the Scrutinized Companies that Boycott Israel List or is engaged in a boycott of Israel.

5.6 Cooperation with Inspector General and Records Retention.

Pursuant to section 20.055(5), F.S., the Contractor understands and will comply with its duty to cooperate with the Inspector General in any investigation, audit, inspection, review, or hearing. Upon request of the Inspector General or any other authorized State official, the Contractor must provide any information the Inspector General deems relevant to the Contractor's integrity or responsibility. Such information may include, but will not be limited to, the Contractor's business or financial records, documents, or files of any type or form that refer to or relate to the Contract. The Contractor will retain such records for the longer of five years after the expiration of the Contract, or the period required by the General Records Schedules maintained by the Florida Department of State, at the Department of State's Records Management website. The Contractor agrees to reimburse the State of Florida for the reasonable costs of investigation incurred by the Inspector General or other authorized State of Florida official for investigations of the Contractor's compliance with the terms of this or any other agreement between the Contractor and the State of Florida which results in the suspension or debarment of the Contractor. Such costs will include but will not be limited to: salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The Contractor agrees to impose the same obligations to cooperate with the Inspector General and retain records on any subcontractors used to provide goods or services under the Contract.

SECTION 6. MISCELLANEOUS.

6.1 Subcontractors.

The Contractor will not subcontract any work under the Contract without prior written consent of the Department. The Contractor is fully responsible for satisfactory completion of all its subcontracted work. The Department supports diversity in its procurements and contracts, and requests that the Contractor offer subcontracting opportunities to certified woman-, veteran-, and minority-owned small businesses. The

Contractor may contact the OSD at osdhelp@dms.myflorida.com for information on certified small business enterprises available for subcontracting opportunities.

6.2 Assignment.

The Contractor will not sell, assign, or transfer any of its rights, duties, or obligations under the Contract without the prior written consent of the Department. However, the Contractor may waive its right to receive payment and assign same upon notice to the Department. In the event of any assignment, the Contractor remains responsible for performance of the Contract, unless such responsibility is expressly waived by the Department. The Department may assign the Contract with prior written notice to the Contractor.

6.3 Independent Contractor.

The Contractor and its employees, agents, representatives, and subcontractors are independent contractors and not employees or agents of the State of Florida and are not entitled to State of Florida benefits. The Department and Customer will not be bound by any acts or conduct of the Contractor or its employees, agents, representatives, or subcontractors. The Contractor agrees to include this provision in all its subcontracts under the Contract.

6.4 Inspection and Acceptance of Commodities.

6.4.1 Risk of Loss.

Matters of inspection and acceptance are addressed in section 215.422, F.S. Until acceptance, risk of loss or damage will remain with the Contractor. The Contractor will be responsible for filing, processing, and collecting all damage claims. To assist the Contractor with damage claims, the Customer will: record any evidence of visible damage on all copies of the delivering carrier's bill of lading; report damages to the carrier and the Contractor; and provide the Contractor with a copy of the carrier's bill of lading and damage inspection report.

6.4.2 Rejected Commodities.

When a Customer rejects a commodity, Contractor will remove the commodity from the premises within ten (10) calendar days after notification of rejection, and the risk of loss will remain with the Contractor. Commodities not removed by the Contractor within ten (10) calendar days will be deemed abandoned by the Contractor, and the Customer will have the right to dispose of such commodities. Contractor will reimburse the Customer for costs and expenses incurred in storing or effecting removal or disposition of rejected commodities.

6.5 Safety Standards.

Performance of the Contract for all commodities or contractual services must comply with requirements of the Occupational Safety and Health Act and other applicable State of Florida and federal requirements.

6.6 Ombudsman.

A Vendor Ombudsman has been established within the Department of Financial Services. The duties of this office are found in section 215.422, F.S., which include disseminating information relative to prompt payment and assisting contractors in receiving their payments in a timely manner from a Customer. The Vendor Ombudsman may be contacted at (850) 413-5516.

6.7 Time is of the Essence.

Time is of the essence regarding every obligation of the Contractor under the Contract. Each obligation is deemed material, and a breach of any such obligation (including a breach resulting from untimely performance) is a material breach.

6.8 Waiver.

The delay or failure by the Department or the Customer to exercise or enforce any rights under the Contract will not constitute waiver of such rights.

6.9 Modification and Severability.

The Contract may only be modified by written agreement between the Department and the Contractor. Should a court determine any provision of the Contract is invalid, the remaining provisions will not be affected, and the rights and obligations of the Parties will be construed and enforced as if the Contract did not contain the provision held invalid.

6.10 Cooperative Purchasing.

Pursuant to their own governing laws, and subject to the agreement of the Contractor, governmental entities that are not Customers may make purchases under the terms and conditions contained herein, if agreed to by Contractor. Such purchases are independent of the Contract between the Department and the Contractor, and the Department is not a party to these transactions. Agencies seeking to make purchases under this Contract are required to follow the requirements of Rule 60A-1.045(5), F.A.C.

SECTION 7. LIABILITY AND INSURANCE.

7.1 Workers' Compensation Insurance.

The Contractor shall maintain workers' compensation insurance as required under the Florida Workers' Compensation Law or the workers' compensation law of another jurisdiction where applicable. The Contractor must require all subcontractors to similarly provide workers' compensation insurance for all of the latter's employees. In the event work is being performed by the Contractor under the Contract and any class of employees performing the work is not protected under Workers' Compensation statutes, the Contractor must provide, and cause each subcontractor to provide, adequate insurance satisfactory to the Department, for the protection of employees not otherwise protected.

7.2 General Liability Insurance.

The Contractor must secure and maintain Commercial General Liability Insurance, including bodily injury, property damage, products, personal and advertising injury, and completed operations. This insurance must provide coverage for all claims that may arise from performance of the Contract or completed operations, whether by the Contractor or anyone directly or indirectly employed by the Contractor. Such insurance must include the State of Florida as an additional insured for the entire length of the resulting contract. The Contractor is responsible for determining the minimum limits of liability necessary to provide reasonable financial protections to the Contractor and the State of Florida under the resulting contract.

7.3 Florida Authorized Insurers.

All insurance shall be with insurers authorized and eligible to transact the applicable line of insurance business in the State of Florida. The Contractor shall provide Certification(s) of Insurance evidencing that all appropriate coverage is in place and showing the Department to be an additional insured.

7.4 Performance Bond.

Unless otherwise prohibited by law, the Department may require the Contractor to furnish, without additional cost to the Department, a performance bond or irrevocable letter of credit or other form of security for the satisfactory performance of work hereunder. The Department shall determine the type and amount of security.

7.5 Indemnification.

To the extent permitted by Florida law, the Contractor agrees to indemnify, defend, and hold the Customer and the State of Florida, its officers, employees, and agents harmless from all fines, claims, assessments, suits, judgments, or damages, including consequential, special, indirect, and punitive damages, including court costs and attorney's fees, arising from or relating to violation or infringement of a trademark, copyright, patent, trade secret, or intellectual property right or out of any acts, actions, breaches, neglect, or omissions of the Contractor, its employees, agents, subcontractors, assignees, or delegates related to the Contract, as well as for any determination arising out of or related to the Contract that the Contractor or Contractor's employees, agents, subcontractors, assignees, or delegates are not independent contractors in relation to the Customer. The Contract does not constitute a waiver of sovereign immunity or consent by the Customer or the State of Florida or its subdivisions to suit by third parties. Without limiting this indemnification, the Customer may provide the Contractor (1) written notice of any action or threatened action, (2) the opportunity to take over and settle or defend any such action at Contractor's sole expense, and (3) assistance in defending the action at Contractor's sole expense.

7.6 Limitation of Liability.

Unless otherwise specifically enumerated in the Contract or in the purchase order, neither the Department nor the Customer shall be liable for special, indirect, punitive, or consequential damages, including lost data or records (unless the Contract or purchase order requires the Contractor to back-up data or records), even if the Department or Customer has been advised that such damages are possible. Neither the Department nor the Customer shall be liable for lost profits, lost revenue, or lost institutional operating savings. The Department or Customer may, in addition to other remedies available to them at law or equity and upon notice to the Contractor, retain such monies from amounts due Contractor as may be necessary to satisfy any claim for damages, penalties, costs, and the like asserted by or against them. The State may set off any liability or other obligation of the Contractor or its affiliates to the State against any payments due the Contractor under any contract with the State.

SECTION 8. PUBLIC RECORDS, TRADE SECRETS, DOCUMENT MANAGEMENT, AND INTELLECTUAL PROPERTY.

8.1 Public Records.

8.1.1 Termination of Contract.

The Department may terminate the Contract for refusal by the Contractor to comply with this section by not allowing access to all public records, as defined in Chapter 119, F. S., made or received by the Contractor in conjunction with the Contract.

8.1.2 Statutory Notice.

Pursuant to section 119.0701(2)(a), F.S., for contracts for services with a contractor acting on behalf of a public agency, as defined in section 119.011(2), F.S., the following applies:

IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT THE TELEPHONE NUMBER, EMAIL ADDRESS, AND MAILING ADDRESS PROVIDED IN THE RESULTING CONTRACT OR PURCHASE ORDER.

Pursuant to section 119.0701(2)(b), F.S., for contracts for services with a contractor acting on behalf of a public agency as defined in section 119.011(2), F.S., the Contractor shall:

- (a) Keep and maintain public records required by the public agency to perform the service.
- (b) Upon request from the public agency's custodian of public records, provide the public agency with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119, F.S., or as otherwise provided by law.
- (c) Ensure that public records that are exempt or confidential and exempt from public records disclosure are not disclosed except as authorized by law for the duration of the Contract term and following the completion of the Contract if the Contractor does not transfer the records to the public agency.
- (d) Upon completion of the Contract, transfer, at no cost, to the public agency all public records in possession of the Contractor or keep and maintain public records required by the public agency to perform the service. If the Contractor transfers all public records to the public agency upon completion of the Contract, the Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the Contractor keeps and maintains public records upon completion of the Contract, the Contractor shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the public agency, upon request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

8.2 Protection of Trade Secrets or Otherwise Confidential Information.

8.2.1 Contractor Designation of Trade Secrets or Otherwise Confidential Information. If the Contractor considers any portion of materials to be trade secret under section 688.002 or 812.081, F.S., or otherwise confidential under Florida or federal law, the Contractor must clearly designate that portion of the materials as trade secret or otherwise confidential when submitted to the Department. The Contractor will be

responsible for responding to and resolving all claims for access to Contract-related materials it has designated trade secret or otherwise confidential.

8.2.2 Public Records Requests.

If the Department receives a public records request for materials designated by the Contractor as trade secret or otherwise confidential under Florida or federal law, the Contractor will be responsible for taking the appropriate legal action in response to the request. If the Contractor fails to take appropriate and timely action to protect the materials designated as trade secret or otherwise confidential, the Department will provide the materials to the requester.

8.2.3 Indemnification Related to Confidentiality of Materials.

The Contractor will protect, defend, indemnify, and hold harmless the Department for claims, costs, fines, and attorney's fees arising from or relating to its designation of materials as trade secret or otherwise confidential.

8.3 Document Management.

The Contractor must retain sufficient documentation to substantiate claims for payment under the Contract and all other records, electronic files, papers, and documents that were made in relation to this Contract. The Contractor must retain all documents related to the Contract for five (5) years after expiration of the Contract or, if longer, the period required by the General Records Schedules maintained by the Florida Department of State available at the Department of State's Records Management website.

8.4 Intellectual Property.

8.4.1 Ownership.

Unless specifically addressed otherwise in the Contract, the State of Florida shall be the owner of all intellectual property rights to all property created or developed in connection with the Contract.

8.4.2 Patentable Inventions or Discoveries.

Any inventions or discoveries developed in the course, or as a result, of services in connection with the Contract that are patentable pursuant to 35 U.S.C. § 101 are the sole property of the State of Florida. Contractor must inform the Customer of any inventions or discoveries developed or made through performance of the Contract, and such inventions or discoveries will be referred to the Florida Department of State for a determination on whether patent protection will be sought. The State of Florida will be the sole owner of all patents resulting from any invention or discovery made through performance of the Contract.

8.4.3 Copyrightable Works.

Contractor must notify the Department or State of Florida of any publications, artwork, or other copyrightable works developed in connection with the Contract. All copyrights created or developed through performance of the Contract are owned solely by the State of Florida.

SECTION 9. DATA SECURITY.

The Contractor will maintain the security of State of Florida data including, but not limited to, maintaining a secure area around any displayed visible data and ensuring data is stored and secured when not in use. The Contractor and subcontractors will not perform any of the services from outside of the United States, and the Contractor will not allow any State of Florida data to be sent by any medium, transmitted, or accessed outside the United States due to Contractor's action or inaction. In the event of a security breach involving State of Florida data, the Contractor shall give notice to the Customer and the Department within one business day. "Security breach" for purposes of this section will refer to a confirmed event that compromises the confidentiality, integrity, or availability of data. Once a data breach has been contained, the Contractor must provide the Department with a post-incident report documenting all containment, eradication, and recovery measures taken. The Department reserves the right in its sole discretion to enlist a third party to audit Contractor's findings and produce an independent report, and the Contractor will fully cooperate with the third party. The Contractor will also comply with all HIPAA requirements and any other state and federal rules and regulations regarding security of information.

SECTION 10. GRATUITIES, LOBBYING, AND COMMUNICATIONS.

10.1 Gratuities.

The Contractor will not, in connection with this Contract, directly or indirectly (1) offer, give, or agree to give anything of value to anyone as consideration for any State of Florida officer's or employee's decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty, or (2) offer, give, or agree to give to anyone anything of value for the benefit of, or at the direction or request of, any State of Florida officer or employee.

10.2 Lobbying.

In accordance with sections 11.062 and 216.347, F.S., Contract funds are not to be used for the purpose of lobbying the Legislature, the judicial branch, or the Department. Pursuant to section 287.058(6), F.S., the Contract does not prohibit the Contractor from lobbying the executive or legislative branch concerning the scope of services, performance, term, or compensation regarding the Contract after the Contract is executed and during the Contract term.

10.3 Communications.

10.3.1 Contractor Communication or Disclosure.

The Contractor shall not make any public statements, press releases, publicity releases, or other similar communications concerning the Contract or its subject matter or otherwise disclose or permit to be disclosed any of the data or other information obtained or furnished in compliance with the Contract, without first notifying the Customer's Contract Manager and securing the Customer's prior written consent.

10.3.2 Use of Customer Statements.

The Contractor shall not use any statement attributable to the Customer or its employees for the Contractor's promotions, press releases, publicity releases, marketing, corporate communications, or other similar communications, without first notifying the Customer's Contract Manager and securing the Customer's prior written consent.

SECTION 11. CONTRACT MONITORING.

11.1 Performance Standards.

The Contractor agrees to perform all tasks and provide deliverables as set forth in the Contract. The Department and the Customer will be entitled at all times, upon request, to be advised as to the status of work being done by the Contractor and of the details thereof.

11.2 Performance Deficiencies and Financial Consequences of Non-Performance.

11.2.1 Proposal of Corrective Action Plan.

In addition to the processes set forth in the Contract (e.g., service level agreements), if the Department or Customer determines that there is a performance deficiency that requires correction by the Contractor, then the Department or Customer will notify the Contractor. The correction must be made within a time-frame specified by the Department or Customer. The Contractor must provide the Department or Customer with a corrective action plan describing how the Contractor will address all performance deficiencies identified by the Department or Customer.

11.2.2 Retainage for Unacceptable Corrective Action Plan or Plan Failure.

If the corrective action plan is unacceptable to the Department or Customer, or implementation of the plan fails to remedy the performance deficiencies, the Department or Customer will retain ten percent (10%) of the total invoice amount. The retainage will be withheld until the Contractor resolves the performance deficiencies. If the performance deficiencies are resolved, the Contractor may invoice the Department or Customer for the retained amount. If the Contractor fails to resolve the performance deficiencies, the retained amount will be forfeited to compensate the Department or Customer for the performance deficiencies.

11.3 Performance Delay.

11.3.1 Notification.

The Contractor will promptly notify the Department or Customer upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion (or delivery) of any commodity or contractual service. The Contractor will use commercially reasonable efforts to avoid or minimize any delays in performance and will inform the Department or the Customer of the steps the Contractor is taking or will take to do so, and the projected actual completion (or delivery) time. If the Contractor believes a delay in performance by the Department or the Customer has caused or will cause the Contractor to be unable to perform its obligations on time, the Contractor will promptly so notify the Department and use commercially reasonable efforts to perform its obligations on time notwithstanding the Department's delay.

11.3.2 Liquidated Damages.

The Contractor acknowledges that delayed performance will damage the Department/Customer, but by their nature such damages are difficult to ascertain. Accordingly, the liquidated damages provisions stated in the Contract documents will apply. Liquidated damages are not intended to be a penalty and are solely intended to compensate for damages.

11.4 Force Majeure, Notice of Delay, and No Damages for Delay.

The Contractor will not be responsible for delay resulting from its failure to perform if neither the fault nor the negligence of the Contractor or its employees or agents contributed to the delay, and the delay is due directly to fire, explosion, earthquake, windstorm, flood, radioactive or toxic chemical hazard, war, military hostilities, terrorism, civil emergency, embargo, riot, strike, violent civil unrest, or other similar cause wholly beyond the Contractor's reasonable control, or for any of the foregoing that affect subcontractors or suppliers if no alternate source of supply is available to the Contractor. The foregoing does not excuse delay which could have been avoided if the Contractor implemented any risk mitigation required by the Contract. In case of any delay the Contractor believes is excusable, the Contractor will notify the Department in writing of the delay or potential delay and describe the cause of the delay either (1) within ten (10) calendar days after the cause that created or will create the delay first arose, if the Contractor could reasonably foresee that a delay could occur as a result, or (2) if delay is not reasonably foreseeable, within five (5) calendar days after the date the Contractor first had reason to believe that a delay could result. The foregoing will constitute the Contractor's sole remedy or excuse with respect to delay. Providing notice in strict accordance with this paragraph is a condition precedent to such remedy. No claim for damages will be asserted by the Contractor. The Contractor will not be entitled to an increase in the Contract price or payment of any kind from the Department for direct, indirect, consequential, impact or other costs, expenses or damages, including but not limited to costs of acceleration or inefficiency, arising because of delay, disruption, interference, or hindrance from any cause whatsoever. If performance is suspended or delayed, in whole or in part, due to any of the causes described in this paragraph, after the causes have ceased to exist the Contractor will perform at no increased cost, unless the Department determines, in its sole discretion, that the delay will significantly impair the value of the Contract to the State of Florida or to Customers, in which case the Department may (1) accept allocated performance or deliveries from the Contractor, provided that the Contractor grants preferential treatment to Customers and the Department with respect to commodities or contractual services subjected to allocation, or (2) purchase from other sources (without recourse to and by the Contractor for the related costs and expenses) to replace all or part of the commodity or contractual services that are the subject of the delay, which purchases may be deducted from the Contract quantity, or (3) terminate the Contract in whole or in part.

SECTION 12. CONTRACT AUDITS.

12.1 Performance or Compliance Audits.

The Department may conduct or have conducted performance and/or compliance audits of the Contractor and subcontractors as determined by the Department. The Department may conduct an audit and review all the Contractor's and subcontractors' data and records that directly relate to the Contract. To the extent necessary to verify the Contractor's fees and claims for payment under the Contract, the Contractor's agreements or contracts with subcontractors, partners, or agents of the Contractor, pertaining to the Contract, may be inspected by the Department upon fifteen (15) calendar days' notice, during normal working hours and in accordance with the Contractor's facility access procedures where facility access is required. Release statements from its subcontractors, partners, or agents are not required for the Department or its designee to conduct compliance and performance audits on any of the Contractor's contracts relating to this Contract. The Inspector General, in accordance with section 5.6, the State of Florida's Chief Financial Officer, the Office of the Auditor General also have authority to perform audits and inspections.

12.2 Payment Audit.

Records of costs incurred under terms of the Contract will be maintained in accordance with section 8.3 of these Special Contract Conditions. Records of costs incurred will include the Contractor's general accounting records, together with supporting documents and records of the Contractor and all subcontractors performing work, and all other records of the Contractor and subcontractors considered necessary by the Department, the State of Florida's Chief Financial Officer, or the Office of the Auditor General.

SECTION 13. BACKGROUND SCREENING AND SECURITY.

13.1 Background Check.

The Department or Customer may require the Contractor to conduct background checks of its employees, agents, representatives, and subcontractors as directed by the Department or Customer. The cost of the background checks will be borne by the Contractor. The Department or Customer may require the Contractor to exclude the Contractor's employees, agents, representatives, or subcontractors based on the background check results. In addition, the Contractor must ensure that all persons have a responsibility to self-report to the Contractor within three (3) calendar days any arrest for any disqualifying offense. The Contractor must notify the Contract Manager within twenty-four (24) hours of all details concerning any reported arrest. Upon the request of the Department or Customer, the Contractor will re-screen any of its employees, agents, representatives, and subcontractors during the term of the Contract.

13.2 E-Verify.

The Contractor must use the U.S. Department of Homeland Security's E-Verify system to verify the employment eligibility of all new employees hired during the term of the Contract for the services specified in the Contract. The Contractor must also include a requirement in subcontracts that the subcontractor must utilize the E-Verify system to verify the employment eligibility of all new employees hired by the subcontractor during the Contract term. In order to implement this provision, the Contractor must provide a copy of its DHS Memorandum of Understanding (MOU) to the Contract Manager within five (5) calendar days of Contract execution. If the Contractor is not enrolled in DHS E-Verify System, it will do so within five (5) calendar days of notice of Contract award and provide the Contract Manager a copy of its MOU within five (5) calendar days of Contract execution. The link to E-Verify is <https://www.uscis.gov/e-verify>. Upon each Contractor or subcontractor new hire, the Contractor must provide a statement within five (5) calendar days to the Contract Manager identifying the new hire with its E-Verify case number.

13.3 Disqualifying Offenses.

If at any time it is determined that a person has been found guilty of a misdemeanor or felony offense as a result of a trial or has entered a plea of guilty or nolo contendere, regardless of whether adjudication was withheld, within the last six (6) years from the date of the court's determination for the crimes listed below, or their equivalent in any jurisdiction, the Contractor is required to immediately remove that person from any position with access to State of Florida data or directly performing services under the Contract. The disqualifying offenses are as follows:

- (a) Computer related crimes;
- (b) Information technology crimes;

- (c) Fraudulent practices;
- (d) False pretenses;
- (e) Frauds;
- (f) Credit card crimes;
- (g) Forgery;
- (h) Counterfeiting;
- (i) Violations involving checks or drafts;
- (j) Misuse of medical or personnel records; and
- (k) Felony theft.

13.4 Confidentiality.

The Contractor must maintain confidentiality of all confidential data, files, and records related to the commodities or contractual services provided pursuant to the Contract and must comply with all state and federal laws, including, but not limited to sections 381.004, 384.29, 392.65, and 456.057, F.S. The Contractor's confidentiality procedures must be consistent with the most recent version of the Department security policies, protocols, and procedures. The Contractor must also comply with any applicable professional standards with respect to confidentiality of information.

SECTION 14. WARRANTY OF CONTRACTOR'S ABILITY TO PERFORM.

The Contractor warrants that, to the best of its knowledge, there is no pending or threatened action, proceeding, or investigation, or any other legal or financial condition, that would in any way prohibit, restrain, or diminish the Contractor's ability to satisfy its Contract obligations. The Contractor warrants that neither it nor any affiliate is currently on the Suspended Vendor List, Convicted Vendor List, or the Discriminatory Vendor List, or on any similar list maintained by any other state or the federal government. The Contractor shall immediately notify the Department in writing if its ability to perform is compromised in any manner during the term of the Contract.



Cover Letter

June 9, 2020

Selection Committee
State of Florida
4050 Esplanade Way, Suite 360
Tallahassee, Florida 32399



Dear Selection Committee Members:

Cherry Bekaert LLP ("Cherry Bekaert" or the "Firm") is pleased to submit qualifications to provide financial and performance auditing services for the State of Florida (the "State" or the "Department"). Our proposal entails each of the service areas provided in the amended RFP, including financial statement audits, audits of segments of financial statements, internal controls audits, economy and efficiency audits, and program results and program fraud audits. In order to facilitate your evaluation, we have segregated our experience and our proposed solution for each of these service areas.

Cherry Bekaert is one of the largest providers of government audit services in Florida and is ranked as one of the Top 25 largest CPA firms in the nation. We have numerous office locations throughout the Southeast U.S., including offices in Orlando, Tampa, Fort Lauderdale and Coral Gables, Florida, and our audit practice includes significant State and local government clients throughout Florida. With a Florida personnel complement of approximately 225 professionals, supported by specialists and experts firm-wide, Cherry Bekaert has the available resources, capabilities and broad expertise to provide services throughout the State.

Our Government Services and Risk Assurance & Advisory Services Groups provide services for numerous state agencies, municipalities, counties, utilities, transportation agencies and other governmental units throughout the Southeast U.S, with a year round focus on matters relevant to the subject matter of this proposal. We bring to the State an excellent reputation based on high quality services performed by knowledgeable professionals that are thorough, timely and focused on client needs and expectations. Our services include a broad range of financial statement audits, attestations and performance audits, as well as a variety of consulting services. As a testament to the quality of our services, we have been a major provider of examination attestation services for the Florida Agency for Health Care Administration since 2001.

We recognize the intricacies of working under all of these standards and have developed an efficient and effective approach to our services. Timeliness, high quality and effective communication will be hallmarks of our service. Please feel free to contact me at 407.423.7911, as an authorized representative, should you have any questions regarding this proposal.

With best regards,

Cherry Bekaert LLP

A handwritten signature in black ink, appearing to read "Ronald A. Conrad".

Ronald A. Conrad, CPA
Audit & Engagement Partner

General Business Information

History of the Firm

Established in 1947, Cherry Bekaert is one of the largest accounting firms in the United States., stretching from Rhode Island to Miami, Florida and Washington, D.C. to Austin, Texas. Cherry Bekaert has a significant presence in Florida, with offices in Orlando, Tampa, Coral Gables and Ft. Lauderdale, and a personnel complement of approximately 225.

As our firm has grown, our services have continually broadened from traditional audit and tax services. Our firm now provides software programming, valuation services, litigation support services, internal audit services, a broad range of information technology and cyber security services, mergers and acquisitions services, specialty tax services, and a host of consulting and performance audit services.

Our Government Services Group ("GSG") and Risk Assurance and Advisory Services Group ("RAS") were established many years ago to provide focused efforts on assisting with the broad needs of governmental organizations. These groups collectively have more than 200 auditors and consultants who work together to provide a firm-wide network of expertise in government financial statement and performance audit services.

Our government auditors and consultants provide audit services for many of the top counties, municipalities, state agencies, special districts and authorities in the Southeast. As part of our growth and quality initiatives, Cherry Bekaert has also become the peer reviewer for four of the largest accounting firms in the United States that have significant government practices.

Our government services growth has allowed for broad service coverage, in terms of both locations and service types. Whether needs pertain to audits of financial statements or related segments, audits of internal controls, audits of operational efficiencies or program results and forensic audits, Cherry Bekaert has strong credentials and an excellent service reputation. As a large firm focused on government services, we have a significant depth and variety of resources, yet our pricing structure allows us to provide high value at affordable prices.

1250+
Associates Firmwide

140+
Partners
& Principals

70+ Years in
Business



\$220M+
Annual Revenue

Ranked as a Top
Accounting Firm
Across the U.S. **25**

Serving
Clients
Across the
U.S. and Internationally



Founding Member of Baker Tilly International
The **8th Largest Accountancy and Business Advisory Network** in the World
Represented by **746 Offices** in **145 Territories**
Combined Revenue of **\$3.6 Billion**
35,000 Staff Worldwide

1. Proposer's Experience

Financial Statement Audits and Related Segments Experience

Cherry Bekaert conducts more than 150 financial statement audits for government entities annually. These audits include airports, expressways, transit agencies, utilities, counties, municipalities, school districts, pension plans, insurance pools, foundations and other special districts and authorities. Many of these entities include audits and separate reports for related segments, such as water and wastewater, solid waste and convention center enterprise funds.

Financial statement audits provided for government entities often include Single Audits, and often are accompanied by compliance examinations and agreed-upon procedures to achieve regulatory compliance. We have also provided more than 2,000 Medicaid Cost Report examinations on behalf of the Florida Agency for Health Care Administration since 2001. Our Florida audit services are conducted in all areas of the state, from Key West up the east coast to Jacksonville, from Naples to Tallahassee on the west coast, and throughout Central Florida. Representatives of our various offices located throughout Florida serve these clients.

A list of our government financial statement audit clients, including specific identification of those served in Florida, is provided in this proposal. Professionals responsible for these audits include a broad mix of designations, primarily Certified Public Accountants and Certified Information Systems Auditors. Depending on subject matter, our professionals may include valuation specialists and assistance from other credentialed professionals.

 **150+**
Government Clients

200+ 
Employees
Dedicated to Serving
Our Government Clients

110,000+
Hours Annually
of Audit Service to Our Government Clients

Billions of Dollars
of Federal Grants Audited Annually

 **30+** Supports
Local
Non-Profits

Representative Government Financial Statement Audit Experience

Following are firm-wide state and local government clients for which financial statement audit services or audits of segments of financial statements have recently been/are being provided, with Florida clients identified in bold font:

Government Clients		
Counties		
▶ Augusta-Richmond County Consolidated Government, GA	▶ Fairfax County, VA	▶ Orange County, FL
▶ Beaufort County, GA	▶ Forsyth County, NC	▶ Pickens County, SC
▶ Brevard County, FL	▶ Guilford County, NC	▶ Prince William County, VA
▶ Charlotte County, FL	▶ Henrico County, VA	▶ Richland County, SC
▶ Columbia County, GA	▶ Hillsborough County, FL	▶ Randolph County, NC
▶ County of Arlington, VA	▶ Isle of Wight County, VA	▶ Spotsylvania County, VA
▶ County of Hanover, VA	▶ Loudoun County, VA	▶ Stafford County, VA
▶ County of Roanoke, VA	▶ Mecklenburg County, NC	▶ Tyrrell County, VA
▶ Cumberland County, NC	▶ Monroe County, FL	▶ Union County, NC
▶ Durham County, NC	▶ Montgomery County, MD	▶ York County, VA
	▶ New Hanover County, NC	
Cities and Towns		
▶ City of Asheville, NC	▶ City of Lake Wales, FL	▶ City of Vero Beach, FL
▶ City of Charlotte, NC	▶ City of Newport News, VA	▶ City of Virginia Beach, VA
▶ City of Chesapeake, VA	▶ City of North Augusta, SC	▶ City of Winston-Salem, NC
▶ City of Clearwater, FL	▶ City of Pinellas Park, FL	▶ Town of Ayden, NC
▶ City of Durham, NC	▶ City of Poquoson, VA	▶ Town of Cary, NC
▶ City of Fairfax, VA	▶ City of Portsmouth, VA	▶ Town of Eatonville, FL
▶ City of Fayetteville, NC	▶ City of Raleigh, NC	▶ Town of Fuquay-Varina, NC
▶ City of Greensboro, NC	▶ City of Reidsville, NC	▶ Town of Lillington, NC
▶ City of Greenville, NC	▶ City of Salem, VA	▶ Town of Morrisville, NC
▶ City of Hampton, VA	▶ City of St. Petersburg, FL	▶ Town of Morven, NC
▶ City of Harlem, GA	▶ City of Suffolk VA	▶ Town of Smithfield, NC
▶ City of High Point, NC		▶ Town of Stanley, NC
▶ City of Jacksonville, NC		▶ Town of Wake Forest, NC
School Districts		
▶ Atlanta Public Schools, GA	▶ Hopewell, VA	▶ Richmond, VA
▶ Asheboro City Board of Education, NC	▶ Isle of Wright, VA	▶ Roanoke County, VA
▶ Charlottesville, VA	▶ Johnston County Schools, NC	▶ Sarasota County, FL
▶ Chesapeake, VA	▶ Loudon County, VA	▶ Spartanburg County School District Four, SC
▶ Chesterfield County, VA	▶ Manatee County, FL	▶ Spotsylvania County, VA
▶ Collier County, FL	▶ New Hanover County Schools, NC	▶ St. Johns County, FL
▶ Cumberland County Board of Education, NC	▶ Newport News, VA	▶ St. Lucie County, FL
▶ DeKalb County School District, GA	▶ Orange County, FL	▶ Suffolk, VA
▶ Fulton County Schools, GA	▶ Polk County, FL	▶ Volusia County, FL
▶ Hampton, VA	▶ Portsmouth, VA	▶ York County, VA
	▶ Poquoson, VA	
	▶ Prince William County, VA	

Authorities, Commissions and Agencies

- | | | |
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| ▶ Atlanta Workforce Development Agency | ▶ Juvenile Welfare Board, FL | ▶ Pinellas Suncoast Transit Authority |
| ▶ Augusta Canal Authority, GA | ▶ McDuffie County Hospital Authority, GA | ▶ RDU Airport Authority, NC |
| ▶ Burke County Hospital Authority, GA | ▶ Metropolitan Atlanta Rapid Transit Authority (MARTA) | ▶ Renewable Water Resources, SC |
| ▶ Cape Fear Public Utility Authority, NC | ▶ Metropolitan Washington Airports Authority | ▶ Richmond Metropolitan Transportation Authority, VA |
| ▶ Central Florida Regional Transit Authority (LYNX) | ▶ Miami-Dade County Aviation Department | ▶ Richmond Ambulance Authority, VA |
| ▶ Cleveland County Water, NC | ▶ Newport News Industrial Development Authority, VA | ▶ Santee Cooper, SC (electric generation, transmission and distribution) |
| ▶ Centralina Council of Governments | ▶ North Carolina Educational Lottery | ▶ Spartanburg County Public Library, SC |
| ▶ Enterprise Florida, Inc. and affiliates | ▶ North Carolina Turnpike Authority | ▶ Tampa Bay Estuary Program, FL |
| ▶ Florida Development Finance Corporation | ▶ Orange County Educational Facilities Authority | ▶ Tampa Bay Regional Planning Council |
| ▶ Fort Monroe Authority, VA | ▶ Orange County Health Facilities Authority | ▶ Triangle J Council of Governments |
| ▶ Fulton-Dekalb Hospital Authority, GA | ▶ Orange County Library District | ▶ University of South Florida Foundation |
| ▶ Georgia Department of Labor | ▶ Piedmont Municipal Power Agency, SC | ▶ Upper Occoquan Service Authority |
| ▶ Greenville-Spartanburg Airport Commission | ▶ Piedmont Triad Regional Water Authority, NC | ▶ Western Tidewater Water Authority |
| ▶ Greer Commission of Public Works, SC | | |
| ▶ Handy Sanitary Water Authority, NC | | |
| ▶ Henrico Economic Development Authority | | |
| ▶ Hillsborough Area Rapid Transit | | |
| ▶ International Drive Master Transit and Improvement District | | |

Florida Government Pension and Benefit Plans

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|--------------------------------------|---|---|
| ▶ ATU Local 1577 Pension Plan | ▶ Boynton Beach General Employees' Retirement Fund | ▶ Retirement System for the General Employees of the Utility Board of the City of Key West |
| ▶ ATU Local 1596 Pension Plan | ▶ Palm Beach Gardens Police Officers' Pension Fund | ▶ Sarasota Firefighters Insurance Trust Fund |
| | | ▶ Sunrise Firefighters Retirement Plan |

Internal Control Audits, Economy and Efficiency Audits and Program Results and Forensic Audits

Cherry Bekaert often provides nontraditional (i.e., other than financial statement) audit services for local governments and state agencies. Our nontraditional audit services range from routine internal audit services to SOC information technology controls attestations and to internal control audits, economy and efficiency audits under standards issued by The Institute of Internal Auditors (*"the IIA Standards"*) or forensic services under Statement on Standards for Forensic Services (*"the Forensic Standards"*) issued by the AICPA for which we are engaged to address particular client concerns, most often due to specific events that have transpired. We staff each of these engagements with personnel who have relevant qualifications, such as particular knowledge of subject matter, internal auditor credentials, information technology credentials, cyber security credentials, or forensic credentials, as well as considerations as to location and other aspects of client need.

Nontraditional audit services are provided by a combination of our government and RAS professionals, with staffing dependent on the type of services required, cost considerations and client preferences. Due to the nature of these services, often stemming from situations for which time is of essence, our size and structure provides a significant advantage to achieve quick, positive results. With more than 200 professionals working together in this practice throughout the firm, we are able to be quite flexible and can quickly adapt to client needs for specific services.

Some of the professional accreditations among our professionals to provide nontraditional audit services include:

- ▶ Certified Information Systems Auditor (CISA)
- ▶ Certified Information Systems Security Professional (CISSP)
- ▶ Certified Ethical Hacker (CEH)
- ▶ Certified CSF Practioner (CCSFP)
- ▶ Certified Internal Auditor (CIA)
- ▶ Certified in Risk & Information System Controls (CRISC)
- ▶ Certification in Risk Management Assurance (CRMA)
- ▶ Certified Fraud Examiner (CFE)
- ▶ Certified Information Technology Professional (CITP)

In addition, our professionals are active members in the Information Systems Auditing & Control Association (ISACA), the Institute of Internal Auditors (IIA), and the AICPA Information Technology section.

Range of Performance Audit Capabilities

We utilize a proprietary methodology that is flexible and scalable in managing risks and delivering value. This allows us to deliver high quality, value-added audit services throughout Florida. We have significant experience and expertise in the following areas:

Financial, Operational Control and Compliance Advisory Services

- ▶ Entity-Wide and Process-Level Risk Assessment
- ▶ Financial, Operational, and Special Project Audits
- ▶ Establish Functional, Organizational Framework
- ▶ Audit Planning, Program Review, and Training
- ▶ Review Process and Information Systems
- ▶ Documentation of Internal Controls
- ▶ Policies and Procedure Development
- ▶ Internal Control Design Evaluation
- ▶ Enterprise Performance
- ▶ Internal Control Operational Effectiveness Testing
- ▶ Corporate Governance Consulting
- ▶ Regulatory Compliance and Fraud Risk Assessment
- ▶ Efficiency and Cost Improvement Analysis
- ▶ Internal Audit Co-Sourcing and Outsourcing
- ▶ Regulatory Compliance Specialties, including:
 - Sarbanes-Oxley
 - FDIC/OCC
 - OMB A-123
- ▶ Enterprise Data Analytics and Reporting

Forensic Services (Investigations and Litigation)

Investigations

- ▶ Asset Loss and Recovery Services
- ▶ Anti-Fraud Controls
- ▶ Cyber Fraud and Incident Response
- ▶ Data Analytics and Fraud Diagnostics
- ▶ Digital Forensics and e-Discovery
- ▶ Embezzlement
- ▶ Employee Theft
- ▶ Fraud Risk Assessment Fraud Examination
- ▶ Forensic Accounting
- ▶ Internal Review and Discovery

Litigation

- ▶ Claims and Disputes
- ▶ Economic Damages
- ▶ International Arbitration
- ▶ Lost Profits
- ▶ Tax Controversy
- ▶ Valuation Litigation

Information Technology Audit Services

- | | |
|---|--|
| <ul style="list-style-type: none"> ▶ System Implementation Services <ul style="list-style-type: none"> ○ Pre- and post- implementation review ○ IT project risk assessment ○ SOD and system access review ▶ IT risk assessments ▶ SOC 1, SOC 2, SOC 2+ Reporting ▶ SOC for cybersecurity ▶ Information systems general controls and application systems controls review ▶ Technical infrastructure and operational practices review ▶ ACH internal controls and compliance ▶ Network and application security review ▶ Audit, control and security of systems, networks and firewalls ▶ Cybersecurity governance and risk assessment ▶ Cybersecurity and SOC readiness ▶ Information assurance and cybersecurity audits ▶ Network and web application vulnerability assessments ▶ Ethical hacking, attack and penetration testing ▶ Incident response advisory ▶ Authentication and access control audits ▶ Telecommunication, mobile and wireless assessments ▶ Social engineering and end user training | <ul style="list-style-type: none"> ▶ Security awareness training ▶ Protection of internet systems, web and email servers ▶ Audit, control, and security of E-commerce ▶ Regulatory compliance specialties, including: <ul style="list-style-type: none"> ○ Sarbanes-Oxley ○ FFIEC, Gramm-Leach-Bliley Act ○ HIPAA ○ FISMA, FedRAMP ▶ Strategic management planning and organization of Information Systems ▶ Transaction process evaluation ▶ Disaster recovery and business continuity planning ▶ Regulatory and third-party compliance specific: <ul style="list-style-type: none"> ▶ HITRUST/HIPAA ▶ ISO 27001/27002 ▶ NIST ▶ FedRamp/FISMA ▶ PCI ▶ FFIEC and Gramm-Leach-Bliley Act ▶ Pre and post security control design and implementation evaluation ▶ Policies and procedure development ▶ IT and security audit co-sourcing and outsourcing ▶ Cybersecurity due-diligence ▶ Cybersecurity liability |
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Representative Government Performance Audit Experience

Cherry Bekaert has significant expertise in the assessment and evaluation of internal controls and processes, regulatory compliance, corporate governance, risk management, information technology audit and security, economic and efficiency reviews and forensic audits. In providing these services, our focus is to help governments leverage their system of internal control to better manage risk, enable growth, and promote sustainable operations. The experience of the group is extensive, having delivered services on audit and corporate governance engagements for more than 20 years.

The following client listing represents a sample of our performance audit and similar consulting experience over recent years, specifically for the public sector.

- ▶ Abilene Christian University
- ▶ Alexandria City Public Schools, VA
- ▶ Associated Universities, Inc.
- ▶ Beaufort County, NC
- ▶ **CareerSource Broward, FL**
- ▶ **Central Florida Commission on Homelessness, FL**
- ▶ **Central Florida Transportation Authority, FL**
- ▶ Central Piedmont Community College
- ▶ City of Alexandria, VA
- ▶ City of Fayetteville, NC
- ▶ City of High Point, NC
- ▶ City of Port St. Lucie, FL
- ▶ City of Richmond, VA
- ▶ City of Suffolk, VA
- ▶ City of Suffolk, VA (for F&R)
- ▶ **City of Titusville, FL**
- ▶ **Charlotte County, FL**
- ▶ Cumberland County, NC
- ▶ Department of Rail & Public Transportation, VA
- ▶ Fulton County, GA
- ▶ Hillsborough County, FL
- ▶ **Hillsborough Transit Authority, FL**
- ▶ Jefferson Science Associates, LLC (JSA)
- ▶ Lander University, SC
- ▶ Loudoun County Public Schools, VA
- ▶ Loudoun County, VA
- ▶ Morehouse School of Medicine, GA
- ▶ NC Department of Information Technology
- ▶ NC Department of Public Instruction
- ▶ NC Housing Finance Agency
- ▶ NC Department of Justice
- ▶ Prince William County, VA
- ▶ Roanoke County, VA
- ▶ Richland County, SC
- ▶ Robeson County Housing Authority, NC
- ▶ Spotsylvania County, VA (for Fire & Rescue assessments)
- ▶ **State of Florida Agency for Health Care Administration**
- ▶ **St. Johns County District School Board, FL**
- ▶ UNC Chapel Hill
- ▶ UNC General Administration
- ▶ UNC System Office
- ▶ Virginia Community College System, VA
- ▶ Virginia Department of Taxation
- ▶ Virginia Department of Transportation (VDOT)

Representative Economy and Efficiency and Internal Control Audit Experience

Following are examples of economy and efficiency and internal control audits we have provided:

Housing Finance Agency: The Agency has co-sourced internal audit staffing through Cherry Bekaert's Risk Advisory Service group in the current and previous fiscal years. During FY2019, Cherry Bekaert conducted an Enterprise Risk Assessment (Identification and assessment of the risks to the Agency's organizational objectives, defining the risks to the Agency, aligning risk levels with risk tolerance, and identifying the risk responses; modification of the internal audit plan accordingly based upon the results of the enterprise risk assessment), a Quality Assurance Readiness Review (development of an Internal Audit Manual, QAIP, Gap Assessment, and remediation assistance for any identified gaps), and a process level risk assessment for the Self-Help Loan Pool Program (identification and assessment of risk to the Agency's organizational objectives specifically within the Self-Help Loan Pool program, and procedures to determine non-profit partners compliance with contractual and program requirements).

State University: The University has co-sourced internal audit staffing through Cherry Bekaert's Risk Assurance & Advisory Service group in the current fiscal year. During FY2019, Cherry Bekaert conducted an internal audit of University Facilities Department's policies and procedure alignment with State Statutes for use of Historically Underutilized Businesses ("HUB") Compliance. The HUB Compliance internal audit project was an assessment of internal controls covering 5 years.

State University: The University established a co-sourced internal audit function, with the Chief Audit Executive and specialized internal audit resources primarily out-sourced to Cherry Bekaert. Internal Audit projects included entity-wide risk assessments and development of 3-year internal audit plan. In addition, a Risk and Control Self-Assessment project was conducted for the University's anti-fraud program of controls.

Private University: During 2018 the University co-sourced certain internal audits with Cherry Bekaert. Completed risk and control self-assessment review of the Hire-to-Retire and payroll functions.

School of Medicine: The University has co-sourced with Cherry Bekaert for several years to including multi-year risk assessments, internal control system documentation and several control maturity assessments working with control owners to determine if design gaps or operating efficiencies may exist.

County Sheriff's Office: Cherry Bekaert performed three engagements, including Agreed Upon Procedures and Internal Controls performance audits, for the Sheriff's Office to help provide assurance over the cash receipts, cash disbursements and inventory balances.

County Health Department: As part of the County's effort to identify internal control weaknesses in its Health Department that could adversely affect its operations and activities, Cherry Bekaert performed an internal control assessment. We interviewed and surveyed selected members of the County and its management to discover control risks and how the County addresses them. We also reviewed the Health Department's policies and procedures for completeness and reasonableness, and documented the internal controls. Based on our procedures, Cherry Bekaert issued a report detailing key Health Department internal control weaknesses and recommending changes to address these risks.

Policies and Procedures Reviews: Cherry Bekaert has assisted with review of policies and procedures for Florida county, school district and transportation agencies. These projects have included assessments of the adequacy of internal controls and related written policies and procedures, assessments of adherence to such policies and procedures, evaluation of potential policies and procedures improvements and assistance with preparation of policies and procedures manuals and related policies and procedures.

Other Internal Control Performance Audits: Cherry Bekaert has provided specifically requested performance audits of internal control matters for numerous counties, municipalities and transportation agencies. These performance audits typically have resulted from certain matters of concern, often focused on specific processes, departments or agencies for which there was oversight responsibility, with deliverables resulting in associated findings and recommendations covering both internal control and economy and efficiency considerations.

Representative Forensic Audit Experience

Below are examples of representative case studies of Fraud and Forensic Investigation engagements conducted by our experienced professional service team:

Discovery and Internal Investigative Services: Cherry Bekaert provided Internal Review Discovery Services and Internal Investigation Services including interviews, electronic evidence gathering (digital forensics), forensic accounting, loss estimation and pre and post litigation support services to help clients recover losses. To accomplish these services Cherry Bekaert utilized the services of experienced Certified Fraud Examiners, CPAs, statisticians, valuation experts and investigators with law enforcement backgrounds in financial crime to help our clients through all stages from discovery to the court room, if required.

County Embezzlement Case: In response to allegations of misconduct by certain County employees, including a former Deputy Sheriff, Cherry Bekaert was engaged by the County Board of Supervisors through Counsel to conduct certain Privileged & Confidential internal review investigative and discovery service engagements, which were used to diffuse adverse public media stories harming the County's reputation. The results of the internal review services were coordinated with the local District Attorney's Office and the State Bureau of Investigation, resulting in charges filed against two former County employees.

Corruption Case: Cherry Bekaert investigated two separate but simultaneous corruption schemes at one of the largest luxury resorts in the Caribbean. Our initial investigation involved conflict of interest, fraudulent billings, bid-rigging and vendor kickbacks in the maintenance department. Evidence obtained in the initial investigation led to our discovery of a separate conflict-of-interest scheme involving the housekeeping department.

Construction Fraud: Cherry Bekaert investigated a general contractor involved in renovation of two luxury resort properties totaling more than \$30 million. We reviewed the work to determine that it was done in accordance with specifications, progress billings complied with terms of cost-plus contract, competitive bids were obtained and overhead allocations were appropriately supported.

Anti-Fraud Governance Assessment: Cherry Bekaert completed a review of the entity's governance and anti-fraud program and internal controls, as well as a comprehensive review and internal control maturity initiative of the organization's procurement to pay cycle.

Corruption in Multi-county Managed Care Organization (“MCO”): In response to concerns about the possible misconduct by a former CFO terminated by the MCO and who subsequently filed a wrongful termination lawsuit against the MCO, Cherry Bekaert was engaged by executive leadership of the MCO through Counsel to conduct certain Privileged & Confidential internal review investigative and discovery service engagements. The first engagement resulted in the dismissal of the wrongful termination suit at the start of the trial hearing. The second resulted in discovery of several hundred thousand dollar of losses due to various embezzlement schemes perpetrated by the former CFO acting in collusion with outside vendors and one internal accounting manager. Cherry Bekaert worked with Counsel and coordinated with the District Attorney and State Bureau of Investigation financial crimes unit, and later the FBI resulting in indictment and criminal conviction of the former employee and contractor to several years in prison and order of restitution. Cherry Bekaert assisted executive leadership with internal control remediation plans and public relation disclosure statements to effectively safeguard the MCO’s reputation and ability to continue operations within the state and receive federal funding.

Termination for Cause Case: In accordance with the board of director’s directives, our investigation encompassed all areas of suspected or potential fraud and misconduct, which could lead to termination of a subcontractor for cause. The entity had a right to audit clause in its subcontract agreement and Cherry Bekaert was employed to conduct the investigation. Our investigation ultimately was limited by the board of directors, which terminated the subcontractor once sufficient evidence was obtained.

Embezzlement Case: \$50 million embezzlement by CFO, in collusion with other personnel. Cherry Bekaert was engaged by the audit committee to investigate the fraud scheme, and to address numerous other allegations including earnings manipulation, contract fraud and illegal campaign contributions. Working together with independent counsel, Cherry Bekaert assisted the SEC Enforcement Division, the Department of Justice, the Federal Bureau of Investigation and other state and federal agencies.

Other Litigation Support Cases: Assistance provided for litigation support in numerous disputes on behalf of Florida county, municipality and transportation governmental units. These cases typically involved contractual disputes and verification of related obligations, with assistance to legal counsel.

2. Proposed Solution

Cherry Bekaert has a personnel complement of approximately 225 in Florida, with offices in Orlando, Tampa, Fort Lauderdale and Coral Gables. We are well-established in the Florida business community, and successfully serve government services clients throughout Florida.

Communication Philosophy

At Cherry Bekaert, we emphasize the value of communication with our clients. Open and regular communication is a part of our Firm’s culture and an integral part of our service philosophy. We meet with management to:

- ▶ Discuss operations and seamlessly deliver service;
- ▶ Determine accounting and reporting strategies for operations and special transactions; and
- ▶ Discuss newly issued accounting pronouncements and implementation issues.

We believe communication throughout the audit process is critical to meeting your expectations for your audit firm and an integral part of an effective and efficient audit. We will bring to the attention of management any issues noted during the course of the audit as soon as they arise, so they can be resolved as quickly as possible. We will also communicate opportunities for improvements in internal control informally during the course of the audit to allow immediate consideration, and will formally communicate those opportunities in a management letter at the conclusion of the audit.

Financial Statement Audits and Audits of Segments of Financial Statements

Cherry Bekaert employs an efficient, effective, compliant, and time-tested audit process utilizing a methodology that facilitates quality while delivering a comprehensive and timely audit. Our proven approach focuses on a targeted examination of your financial statements or segments of financial statements by addressing the risks related to the fair presentation of the statements in accordance with accounting principles generally accepted in the United States.

In order to effectively implement our audit plan, we employ the resources needed, comprised of multidisciplinary industry-experienced personnel, to analyze the routine and unique processes and transactions accumulated and assimilated into the financial statements. Our service team resources will also be augmented by subject-matter leaders within the Firm to assure that all Cherry Bekaert resources are brought forward.

Our audit philosophy is based on applying the applicable risk-based auditing standards to the needs of the users of the financial statements. The expectations of the State, including the desire for remote auditing to the extent practical, is the starting point for our audit approach. Accordingly, communication with all concerned groups and responsiveness to the needs and expectations of your organization will be the highest priority for us.

Cherry Bekaert will segment audit procedures based on reporting requirements identified for the specific financial statement audit assigned. Our professionals, each with years of experience with respect to audit requirements for each agency, will be assigned based on their expertise with respect to each segment.

Assessing the Internal Control Systems

Adequate assessments of internal controls and processes for budgeting and strategic and financial planning are key components of our audits. **Our audit procedures are tailored to address specific risks for each individual client.** We evaluate the internal control environment and significant processes during audit planning to understand what can go wrong. We use this understanding to formulate our client service plan and audit procedures, using a variety of methods that typically include interviewing personnel, observing processes and controls, walking through transactions from initiation to recording, and discussing controls and risks of fraud with various personnel and Audit Committee members. We also use our information systems audit specialists to assess the controls and risks of information systems processing.

Compliance Approach

We are quite familiar with compliance requirements applicable to the government entities and have a very positive reputation with federal and state regulatory agencies. Our compliance audit procedures will be designed to identify and test those transactions and activities that are likely to have a financial impact on financial statements and to determine whether they were carried out in accordance with the provisions of laws, rules and contracts. Our compliance tests include but are not limited to internal control, investments, bonds, Florida Statutes and AICPA auditing standards. Our reports will note instances of noncompliance that could have a material effect on the financial statements.

Review and Auditing Information Systems

As part of our financial statement audits, Firm-designated IT Audit Group (ITAG) consultants perform the review of the information systems environment. Our ITAG group has experience auditing all major ERP, COTS and homegrown packages at public and private entities across the Southeast. As such, we use tailored IT Audit programs based on the specific environment and the inner workings of your software systems. The auditee will have the assurance of direct review by a senior level individual with significant experience directly related to information systems.

ITAG will work with the auditee to assess the effect of systems processing on the auditee's business and will assess the reliability of systems processing. They will focus on providing constructive service comments intended to improve the quality of information and system controls. The results of this assessment will be integrated into our audit approach to improve audit efficiency and to further define the way in which we address identified risks.

Examples of computer controls that will be reviewed for each system in scope include the following:

- ▶ **Access Control** - The first and foremost responsibility of the auditee's information technology department is to assure that logical and physical access to the auditee's information, network and computing facilities is based upon the organization's need as defined by management's policy statements. Our audit program is designed to ensure that policies and processes are in place to fulfill this responsibility using best practice methods and addressing unique needs in terms of local, remote and physical access.
- ▶ **Network Security** - In order for the auditee to fulfill its responsibilities, it must maintain a secure electronic network, which facilitates communication across all of its facilities and with other governmental and corporate entities. Our audit program is designed to ensure that sufficient controls are in place to protect that network from internal and external attacks and abuse.
- ▶ **Change Management/Problem Tracking** - The management of change in a modern technology environment is essential to assuring efficient, orderly and secure processing of information. Our audit includes a review of change management and problem tracking aspects of the auditee's IT organization and evaluates them against current best practices and the specific needs of the auditee.
- ▶ **Backup and Recovery** - In order to assure continuity of operation, the auditee must maintain best practice processes that provide continuously available backup media. These processes must address short-term and long-term recovery operations whether applicable to incidental missing information or long-term processing outages. Our audit includes a review of these processes and recommends improvements where appropriate.
- ▶ **Information Workflow** - Accuracy of financial reporting is dependent upon definition and management of effective electronic and manual controls at key junctures in the network's operation. This control process must extend from the capturing of all supporting information to the posting of subsequent journal entries. Our audit program will define the electronic and manual workflow associated with the revenue stream and evaluate the associated key controls for effectiveness.
- ▶ **COSO** - Because our Information Technology Controls Review methodology is based upon the widely accepted COSO framework, it not only addresses the control activities that are in place but also the underlying management policies, documentation of the controls and monitoring of the controls by management. Furthermore, our review examines controls imbedded in the key business workflows of the auditee.

Sample Sizes

Sampling will be used in all aspects of the testing phase, utilizing tailored audit programs. We will conduct tests to ascertain that the significant controls within the system are functioning as described to us. Transactions will be selected and reviewed in sufficient detail to permit us to formulate conclusions regarding compliance with control procedures. Additional tests will be designed to provide reasonable assurance as to the validity of the information produced by the accounting system. The firm has developed sample size guidelines for all samples performed in order to form an opinion on the financial statements under auditing standards generally accepted in the United States of America and *Government Auditing Standards*. The objective of the guidelines is to improve the quality of sampling by:

- ▶ Relating sample sizes more directly with factors that influence sample size
- ▶ Reducing unexplainable sample size variability

Structured worksheets, which give appropriate recognition to factors such as reliance on internal control, nature and timing of audit procedures, size of the organization, dollar total of population being sampled, and sampling error, are used to effectively determine audit samples and evaluate the results of the procedures performed. We use these worksheets to determine the sample size and items selected for grant compliance testing, internal control testing and certain financial accounts. Sample size will vary based on materiality and the population being tested.

Analytical Procedures

In addition to testing supporting documents and details of the accounting records, we will perform an overall evaluation of account balances and their interrelationship with each other. We design this analytical review to identify unexpected fluctuations in accounts, the absence of expected fluctuations and other items that appear unusual in light of expected results, past performances, normal relationships and other factors. This provides a business operation approach to auditing. Specifically, we perform analytical procedures:

- ▶ To assist in planning the nature, timing and extent of our auditing procedures.
- ▶ As a substantive test to obtain evidential matter about particular assertions.
- ▶ As an overall review of financial statements in the final review stage of the audit.

Our analytical procedures, which include comparisons of recorded amounts or ratios to expectations, involve developing expectations based on plausible relationships (budget, prior year amounts recorded, etc.). These procedures are included in the planning, substantive testing and report review phases of our audit. Examples of our analytical procedures include:

- ▶ Comparisons of interim financial balances to budget and prior year data.
- ▶ Comparison of year-end balance sheet amounts to expectations based on data.
- ▶ Comparison of year-end operating balances to prior year and budgeted data, and updating analytical results from our interim planning.
- ▶ Comparison of budgeted and prior year data at the financial statement level.
- ▶ Analytical review at financial statement level.

Ongoing Discussions

We emphasize the value of communication with our clients. Open and regular communication is a part of our firm's culture and an integral part of our service philosophy. We offer to meet as frequently as requested, to:

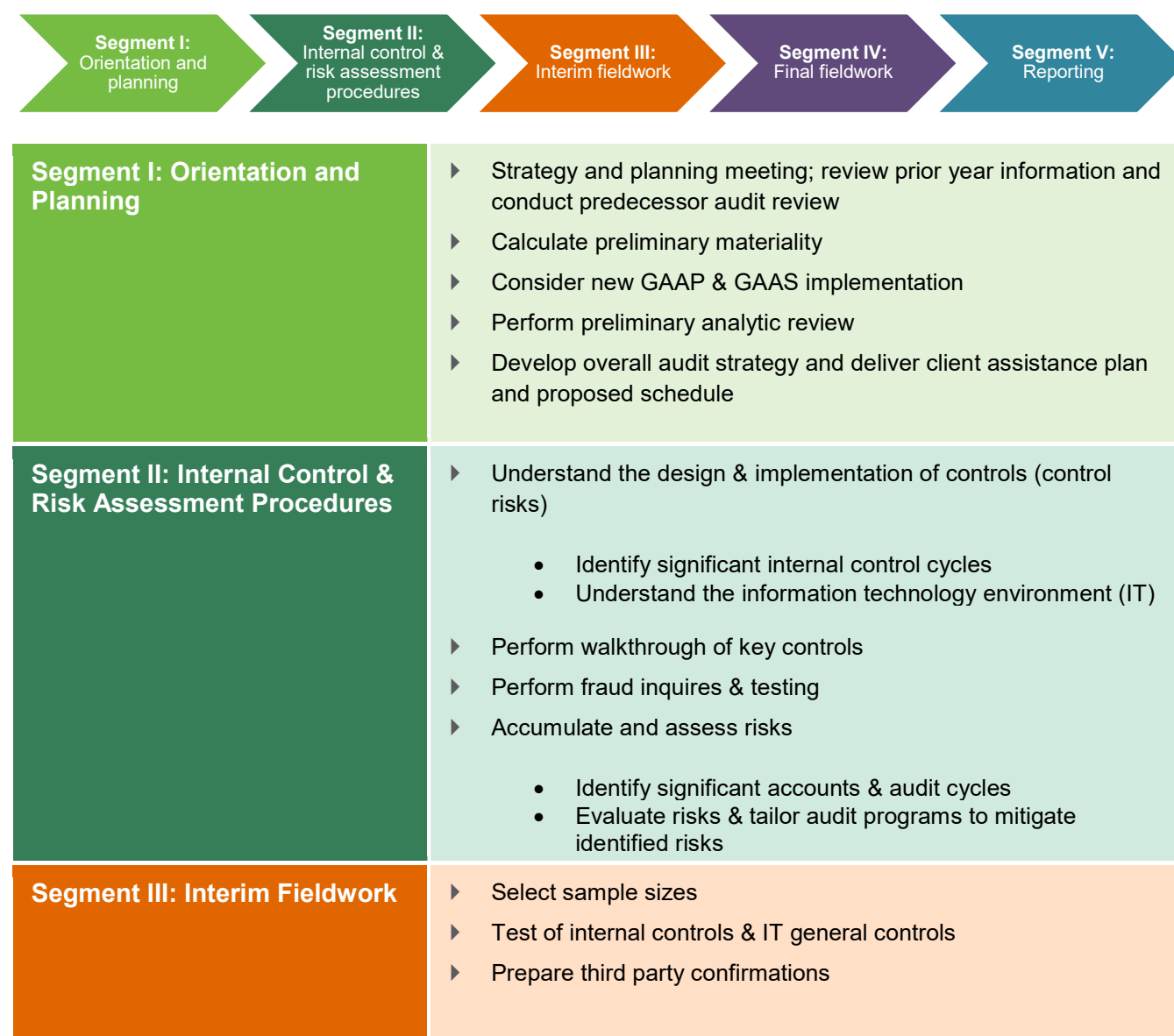
- ▶ Discuss operations and seamlessly deliver service
- ▶ Determine financial reporting and strategies for operations and special transactions;
- ▶ Assess accounting issues, such as regulatory accounting matters, participation accounts with other utilities, capital assets, and debt issuance considerations; and
- ▶ Discuss newly issued accounting pronouncements and implementation.

We meet with management prior to beginning all services to agree on expectations and the timeline for our work. Finally, we will meet with management to review our findings, recommendations and other items. Our objective is to be proactive and resourceful in developing our comments, focusing on matters that are of value.

Proposed Segmentation of the Engagement

Our approach will focus on addressing accounting and auditing issues early to provide a smooth audit at year-end.

We will begin our audit with an initial planning meeting to discuss issues, scheduling, expectations and other relevant issues. We will then formalize a plan that corresponds to the high end of expectations and appropriately addresses areas of audit and business risk. Communication aspects regarding audit progress and accounting and auditing issues will be incorporated in this plan, along with a list of schedules to be prepared during each fiscal year subject to audit. Our audit approach will be divided into five segments:



Segment IV: Final Fieldwork	<ul style="list-style-type: none"> ▶ Select substantive samples using data extraction software ▶ Complete substantive testing of balances & transactions ▶ Propose adjusting and reclassifying entries, if necessary ▶ Conduct exit conferences with management
Segment V: Reporting	<ul style="list-style-type: none"> ▶ Reference financial statements to supporting detail ▶ Complete audit reports ▶ Review financial statements and footnote disclosures with management ▶ Present reports and management letters to management ▶ Conduct post-audit conference

Use of Technology

Our audit engagements will combine data analysis software, wireless technology, and automated engagement management software. As such, our documentation is virtually paperless, with procedures documented in an automated, encrypted environment and files shared through wireless technology among team members. We will make use of the functionality of our Smartsheet® application for seamlessly requesting and securely receiving audit support items from the auditee's accounting team.

Data Analysis Software	MindBridge
IDEA data analysis software is an excellent tool to test for ways to improve efficiency and effectiveness. ActiveData advance data analytics and statistics assists in understanding trends and identifying anomalies.	This software leverages artificial intelligence technology to detect unintentional errors and intentional misstatements to minimize financial loss and create greater efficiencies in the audit process.
Workpaper Management	Secure Document Management
We manage workpapers with CCH Engagement, allowing us to prepare, review, transfer and manage our work in a paperless environment.	Cherry Bekaert uses secure, web-based document management solutions, via Smartsheet®, for clients to transmit data files to the team. Authentication to the Smartsheet® portals utilizes unique login credentials, and data is secured through SSL encryption.
Wireless Technology	
Our computers are linked using encrypted wireless technology.	

Coordination & Communication Using Smartsheet®

To ensure seamless delivery and efficient communication, we will utilize Smartsheet® throughout the audit process from planning to issuance of audit deliverables. Cherry Bekaert utilizes this powerful cloud-based tool to create a process to track and manage the entire audit engagement in real-time through a highly secure platform. As our clients have experienced, you will have the ability to attach documents, log comments and notes, schedule check-in meetings, share screens and show request status and progress throughout the year, not just at final fieldwork or at a single point in the process.

Remote Audit Capabilities

As the audit landscape adapts to new and emerging technologies and audit approaches, **FLOW** (Flexible Leveraged Optimized Workspace) allows our teams to increasingly utilize the concept of remote auditing. With nearly all audit documentation already in electronic format, increasingly our audit clients are asking us to work remotely from our home office, while still maintaining our high level of audit quality.

Our service delivery process is constantly evolving to meet the changing business landscape by providing a platform for performing quality and comprehensive services model that:

- ▶ Promotes real-time, year-round collaborative planning, communication, and status updates
- ▶ Integrates the technology of information sharing seamlessly and without disruption
- ▶ Decompresses the evidence-gathering burden on client personnel
- ▶ Reduces distractions to your team
- ▶ Enhances specialist interaction



FLOW is used across the audit process from planning to issuance of audit deliverables. The engagement team will share in a way that creates efficiencies and enhances a collaborative communication environment.

To enhance communications, internal and with clients, every Cherry Bekaert professional is able to conduct virtual meetings via Microsoft Teams. Using this technology, we can share presentations or allow multiple people to simultaneously view and/or edit Word, Excel, and PDF files. Since our clients are not required to purchase Microsoft Teams licenses, it is a cost effective tool for project communications, board presentations, and ad hoc conversations.

During the COVID-19 shutdown, we utilized this tool extensively to remain in constant communication with our clients and to remain readily available to assist them as they adapted to new environments.

Our technologies and processes allow us to conduct audits onsite or remotely as required to best serve the needs and preferences of our clients. Additionally, it provides exceptional flexibility to allow us to respond rapidly to unforeseen events, such as the COVID-19 pandemic.

Information Security Statement

The Firm takes the security of all our clients' data very seriously. Smartsheet® encryption and access controls protect your data at rest and in transit. In addition, Cherry Bekaert maintains Information Security Policies and monitoring procedures that only allow authorized individuals to client data within Smartsheet® based on their job function. For more information on how Smartsheet® delivers secure solutions, please visit:

<https://www.smartsheet.com/security-info>

Typical Audit Staffing

A typical staffing plan includes the following estimated allocation of percentage of hours by level during each audit phase.

Typical Audit Staffing Plan by Level					
Level	Phase I	Phase II	Phase III	Phase IV	Phase V
Principal/Partner	30%	20%	5%	10%	15%
Senior Manager/Manager	35%	25%	10%	10%	25%
Senior/Staff Auditor	35%	55%	85%	80%	60%

Full resumes are provided in the Resume Section.

Performance Audits – Internal Controls, Economy and Efficiency Audits, Program Results and Program Fraud Audits

The State will benefit from our ability to leverage service efficiencies and knowledge gained from our experience serving some of the largest governments in the state of Florida and throughout the Southeast, including complex internal audit projects for peer institutions.

Cherry Bekaert's service model provides a single point of contact. Experienced professionals and significant partner involvement are hallmarks of our client service approach.

The Firm and team have been providing risk assurance and advisory services for many decades and we fully commit highly experienced professionals to the State's engagement.

Instead of a check-the-box internal controls audit approach, we focus on clearly identifying risk to financial reporting, operations, compliance, technology and administrative objectives – as identified by the State – at both the entity-level and activity-level. That said, we are highly collaborative with management when working in an out-sourced environment. We use a “top down and risk based” performance audit approach to avoid over-auditing, business disruption and excessive costs

For Internal Controls Audits, we employ a five (5) phase approach considering the Committee of Sponsoring Organizations (COSO) criteria to include: Phase I – Planning and Information Gathering, Phase II – Planning Individual Assigned Internal Audits, Phase III – Review and Confirm Planning Results, Phase IV – Fieldwork and Phase V – Exit Conference and Reporting.

Our approach to investigations is unique and tailored to available facts, circumstances, and concerns affecting our public sector clients. We work closely and collaboratively with our clients to clarify investigative objectives and then carefully develop the investigative plan to maximize value, reduce the risk of unintended consequences and the potential adverse outcomes that could impact our clients.

Forensic and Investigative services are performed in accordance with the Statement on Standards for Forensic Services issued by the American Institute of Certified Public Accountants ("AICPA"). The Firm's Forensic practice includes highly-experienced professionals with multiple certifications in public accounting ("CPA"), fraud examinations ("CFE"), financial forensics ("CFF"), private investigations ("PI"), information technology ("CITP"), and information systems auditing ("CISA").

Cherry Bekaert typically utilizes a three-phase approach that includes careful planning and consideration of the types of approaches available to us to achieve the objectives and inform our investigative procedures. We use forensic tools and proprietary methods tailored to the objectives, risks and uncertainties common with conducting investigation into areas of concern. This allows us to deliver high quality, value-added forensics and investigative services to our clients.

The typical staffing plan includes the following estimated allocation of percentage of hours by level during each audit phase. Based on the RFP and with limited knowledge of the scope of work and size of projects to be completed, we have based on estimations on our experience and our holistic approach to planning and executing performance audit projects.

Typical Performance Audit Staffing Plan by Level					
Level	Phase I	Phase II	Phase III	Phase IV	Phase V
Principal/Partner	25%	25%	25%	-	20%
Director	35%	35%	35%	10%	25%
Senior Manager/Manager	35%	35%	35%	20%	40%
Senior/Staff Auditor	5%	5%	5%	70%	15%

Full resumes are provided in the Resume Section.

Our risk assessments, once corroborated with management, drive the timing, nature and extent of our testing in all of the audits we perform. The risks define the phases we will use to complete our procedures and report, and include the following:

TAILORED APPROACH TO PERFORMANCE AUDIT SERVICES	
Phase I: Planning and Information Gathering	<ul style="list-style-type: none"> ▶ Form team with client stakeholders to agree on project objectives and timeframe. ▶ Work with management to understand the audit and scope to be evaluated by risk assessment and related audit procedures. ▶ Define project success measures, performance metrics and risk factors relevant to the scope. ▶ Confirm compliance requirements. ▶ Agree on framework on which to base risk assessment and subsequent audit planning procedures. ▶ Define risk criteria on which to measure audit area risk. ▶ Engage client stakeholders to schedule Control Self-Assessment working sessions.
Phase II: Planning Individual Assigned Performance Audits	<ul style="list-style-type: none"> ▶ Conduct Control Self-Assessment workshops with applicable client personnel. ▶ Corroborate risk ratings for reasonableness based on underlying evidence and documentation, as needed. ▶ Prioritize risk criteria and/or aggregate risk measures to identify population of in-scope systems and/or processes. ▶ Understand business area considering risk assessed, develop individual process or IT plan and audit program. ▶ Establish protocols and schedule on-site visit, as applicable.
Phase III: Review and Confirm Planning Results	<ul style="list-style-type: none"> ▶ Evaluate proposed detailed test procedures. ▶ Establish protocols and schedule audit with appropriate stakeholders.
Phase IV: Fieldwork	<ul style="list-style-type: none"> ▶ Execute detailed test procedures and evaluate results. ▶ Rationalize risk maturity relative to audit results. ▶ Perform quality control review ▶ Assimilate audit scope, objectives, program, procedures, risk analysis, evidence and findings for an audit report (and scope limitations, if applicable) ▶ Finalize the assessed risk maturity, based on the audit evidence ▶ Develop audit conclusions and recommendations ▶ Draft audit report and recommendations
Phase V: Exit Conference and Reporting	<ul style="list-style-type: none"> ▶ Conduct exit conference <ul style="list-style-type: none"> • Obtain responses for inclusion in the report • Finalize the audit report and obtain all sign-offs • Issue final report in accordance with State policies and procedures ▶ Conduct exit conference interviews, as needed ▶ Draft report ▶ Present and report, as requested

Contract Attachment D

Authorized Services List

Category 2: Financial and Performance Audits

Cherry Bekaert LLP has been awarded and therefore is Authorized to provide the Services listed below through State Term Contract No. 84111600-20-1 for Financial and Performance Audits, Section IV. e) Services:

- Financial Statements Audits - Audit of financial statements prepared in conformity with standards of accounting issued by SFFAS and by the American Institute of Certified Public Accountants (AICPA).
- Audits of Segments of Financial Statements - Audit of financial information (i.e., statement of revenue and expenses, statement of cash receipts and disbursements, statement of fixed assets, budget requests, and variances between estimated and actual financial performance).
- Internal Controls Audits
- Economy and Efficiency Audits
- Program Results and Program Fraud Audits

Contract Attachment E



Contractor Information Form

Contractors with an active state contract or agreement procured by the Division of State Purchasing should use this form to provide contact information for customers, which will be posted on the Department of Management Services (DMS) website. The form must be submitted to the assigned contract manager at the time of contract execution and whenever changes are requested by the contractor throughout the life of the contract.

*** PLEASE RETURN THIS FORM TO DMS IN EXCEL FORMAT ONLY ***

Contract Name:	Financial and Performance Audits		
Contract Number:	84111600-20-1		
Contractor Name:	Cherry Bekaert LLP		
FEIN:	56-0574444	*** MUST MATCH ACTIVE SUNBIZ.ORG REGISTRATION ***	
Website:	www.cbh.com		

Customer Contact

Contact for sales information, ordering, and billing questions.

Name:	Ronald A. Conrad, Partner			
Email:	raconrad@cbh.com			
Phone:	407-423-7911	ext.		
Address:	800 N. Magnolia Ave, Suite 1300			
City:	Orlando			
State:	FL			
ZIP:	32803	+4:		

Contract Administrator

Contact for escalated customer needs.

Name:	Ronald A. Conrad, Partner			
Email:	raconrad@cbh.com			
Phone:	407-423-7911	ext.		
Address:	800 N. Magnolia Ave., Suite 1300			
City:	Orlando			
State:	FL			
ZIP:	32803	+4:		


If there is additional information that you would like to make available to customers on the DMS website, please enter it in the field below. The assigned contract manager will review your request and notify you whether or not the information is approved for posting.

Contract Attachment F No Offshoring

The undersigned Respondent hereby attests that it will not perform any of the Contract services from outside of the United States, including not utilizing offshore subcontractors in the performance of a Contract award, and will remain in compliance with the subcontractor clause in the Contract.

Respondent Name: Cherry Bekaert LLP

Respondent Federal Employer Identification Number (FEIN #): 56-0574444

Authorized Signature: 

Print Name: Ronald A. Conrad

Title: Partner

Date: 6/9/20

Contract Attachment G
Subcontracting

Complete the information below on all subcontractors that will provide services to the Respondent to meet the requirements of the resultant contract, should the Respondent be awarded. Submission of this form does not indicate the Department's approval but provides the Department with information on proposed subcontractors for review.

Please complete a separate sheet for each subcontractor.

There will be subcontractors for this solicitation YES ____ NO ____ (place a checkbox where applicable). If not, Respondents are not required to complete the remainder of this form.

Service: _____

Company Name: _____

Contact: _____

Address: _____

Telephone: _____

Fax: _____

Current Office of Supplier Diversity certification of woman-, veteran, or minority-owned small business enterprise	Yes _____	No _____
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W-9 verification:	Yes _____	No _____
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In a job description format, describe below the responsibilities and duties of the subcontractor based on the technical specifications or statement of work outlined in this solicitation.
