

**I. SOLICITATION AND OFFER DOCUMENT**

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# **Request for Proposal**

**Ability Works, Inc.  
Mississippi Department of Rehabilitation Services**

**Issued by:**

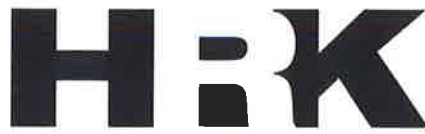
Office of the State Auditor  
Jackson, Mississippi

Stephanie Palmertree  
Director, Financial and Compliance Division

**Submitted by:**

**Tom Wiygul, CPA, ABV**  
Harper, Rains, Knight & Company, P.A.  
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Submitted on July 14, 2017



Harper, Rains, Knight & Company

## II. TRANSMITTAL LETTER

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July 14, 2017

Office of the State Auditor  
Attention: Jason Ashley  
501 North West Street, Suite 801  
Jackson, MS 39201

[Jason.Ashley@osa.ms.gov](mailto:Jason.Ashley@osa.ms.gov)

Dear Mr. Ashley:

Harper, Rains, Knight & Company, P.A. (hereafter referred to as "HRK") appreciates the opportunity to submit the accompanying proposal to provide professional audit services to the State Auditor's Office (hereafter referred to as "SAO") for Ability Works, Inc., Mississippi Department of Rehabilitation Services (fund number/type 8851000000-Non-Major Enterprise) for the fiscal year ending June 30, 2017. This letter is incorporated into and forms an integral part of this proposal.

The audit will be conducted in accordance with the U.S. Government Accountability Office's Government Auditing Standards. HRK is totally committed to providing SAO with accurate, timely services and will take the measures necessary to accomplish this commitment. We certify that all proposed personnel are currently employees of Harper, Rains, Knight & Company, P.A. By this letter, we confirm that we will perform the audit services in accordance with the request for quotation dated June 12, 2017.

We believe our specific and related experience in providing auditing services delineated in this solicitation gives us the unique ability to deliver high quality professional services related to the auditing services requested by SAO. We will be pleased to discuss the terms of this proposal with you at any time. We look forward to hearing from you.

The following proposal is valid for three (3) months from the date submitted to SAO for review.

Sincerely,

HARPER, RAINS, KNIGHT & COMPANY, P.A.

A handwritten signature in blue ink that reads 'Tom Wiygul'.

Tom Wiygul, CPA, ABV

**Certified Public Accountants • Consultants • hrkcpa.com**

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Harper, Rains, Knight & Company

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## **FIRM INFORMATION**

**Firm Name:** Harper, Rains, Knight & Company, P.A.

**Principal Place of Business:** 1052 Highland Colony Parkway, Suite 100  
Ridgeland, Mississippi 39157

**Branch Office:** 700 12<sup>th</sup> Street NW, Suite 700  
Washington, D.C. 20005

**Place of Performance of Proposed Contract:** 1052 Highland Colony Parkway, Suite 100  
Ridgeland, Mississippi 39157

**Age of Firm:** Harper, Rains, Knight & Company, P.A. was established in 1994 through the merger of two local CPA firms that had been in existence for over 30 years.

**Firm Contact Information:** Harper, Rains, Knight & Company, P.A.  
1052 Highland Colony Parkway, Suite 100  
Ridgeland, MS 39157  
Attention: Tom Wiygul, CPA, ABV  
Email: [twiygul@hrkcpa.com](mailto:twiygul@hrkcpa.com)  
Telephone: (601) 605-0722, Ext. 243  
Fax: (601) 605-0733

**Firm Tax Identification Number** 64-0809101

**Data Universal Number System (DUNS):** 807741533

**Size of Firm** - Harper, Rains, Knight & Company, P.A. is a professional association consisting of 68 employees. In addition to Certified Public Accountants ("CPA"), our firm has four (4) Certified Information Systems Auditors ("CISA"), four (4) Certified Fraud Examiners ("CFE"), two (2) Accredited in Business Valuation ("ABV"), one (1) Certified Government Financial Manager ("CGFM") and one (1) Certified Financial Examiner ("CFE") on staff.

### **Firm Professional Memberships**

American Institute of Certified Public Accountants  
Mississippi Society of Certified Public Accountants\*  
Association of Certified Fraud Examiners (ACFE)  
Information Systems Audit Control Association (ISACA)

### **Website**

[www.hrkcpa.com](http://www.hrkcpa.com)

#### **IV. PROPOSAL NARRATIVE**

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**The following pages 5 through 14 contain all information requested in Part III, Section N (Proposal Requirements).**

## 1. FIRM QUALIFICATIONS FOR PERFORMING PROFESSIONAL AUDITING SERVICES

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### **Specific Qualifications to Perform Ability Works, Inc. Audit**

Harper, Rains, Knight and Company, P.A. (HRK), a qualifying small business concern, has over 30 years of federal and state government audit and consulting experience, including experience performing audits, agreed upon procedure engagements, performance audits, consulting, and other engagements which are similar in scope and complexity to tasks contemplated in this solicitation. Currently, HRK provides auditing, accounting, financial and tax planning services, and business consulting for more than 1,800 clients in 20 states. These clients include state and federal government agencies, individuals, partnerships, corporations, non-profit groups, and employee benefit plans which range in size from a small retailer with two employees to a federal government agency employing over 22,000.

HRK understands and has demonstrated through our past performance the ability to help clients reach their strategic business goals, measure progress, and improve their process by providing insightful and timely audit findings which provide an impact to help our clients reach its goals and excel. HRK does this through providing high quality assurance services, compliant with all professional standards.

### Lines of Authority and Responsibility

HRK's labor categories and the responsibilities and authority assigned to each are as follows:

- Directors' responsibilities include all aspects of the conduct of an engagement and full responsibility for the work performed including overall project management, client relations, and final work documentation files and report review.
- Managers' responsibilities include review of engagement documentation and resulting reports, discussing audit results with clients, directing senior and staff auditors, reviewing and approving audit work plans, including the audit documentation prepared by senior and staff auditors, ensuring overall completion of all necessary audit procedures and keeping the Director abreast of the project's progress.
- Seniors' responsibilities include independently conducting a segment of the engagement, instructing, directing and reviewing the work of staff auditors, and keeping the Manager or Director abreast of the project's progress.
- Staff responsibilities include performing the specific engagement procedures assigned by the Senior, Manager or Director of the engagement and keeping the Senior, Manager or Director abreast of their progress.

### Quality Control Plan

HRK has effectively developed and maintained a structured quality control plan to ensure our services are performed in accordance with all requirements of our engagements. The original work of each level of personnel is reviewed in detail by that person's supervisor on the engagement. Therefore, work originally prepared by a staff auditor is reviewed in detail by the senior on the engagement. The engagement manager reviews in detail all work prepared by the

senior and performs the level of review deemed necessary on the work previously reviewed by the senior. The engagement Director performs a general review of all work performed and a detail review as considered necessary.

At the completion of each engagement and prior to the release of the report an independent Quality Assurance review is performed by a director or senior manager who has no direct involvement in the engagement.

HRK ensures compliance with standards and guidance through in-house and external continuing professional education. All HRK personnel are compliant with professional education requirements.

Additionally, the following mechanisms are incorporated into our firm's control program:

- (a) *Annual Internal Inspections*
- (b) *External Peer Reviews*
- (c) *Government Inspection and Review*

HRK is a member of the Private Companies Practice Section (PCPS) of the American Institute of Certified Public Accountants (AICPA). Beginning in 1979 we have had external peer reviews of our audit practice in accordance with the AICPA's requirements. Our most recent external peer review accompanies this proposal (see pages 12).

HRK has implemented various procedures to ensure that client information is secure. All personnel are educated in the multitude of ways to safeguard personal and proprietary information. HRK computers are encrypted utilizing the latest encryption software to ensure that information remains secure whether or not the computer remains in the auditor's possession. Personal Identifiable Information (PII) is redacted from all workpapers and its security is given top priority. HRK also maintains a secure portal to transmit data electronically to/from our clients.

Harper, Rains, Knight & Company, P.A. has proven in its more than 30 years of work including audits of government entities, that it has the experience necessary to perform the objectives of this engagement.

### Communication

The Director on the engagement will be primarily responsible for communication with the contracting officers' technical representative. The Director anticipates an ongoing two-way communication process. Two-way communication ensures that the Agency's goals for this project will be achieved. The manager on the engagement will also be involved in these communications and will have responsibility for translating the interests and needs of the agency to the HRK employees who will be performing the work onsite. Communications will primarily occur by phone and by email.

## **2. HISTORY AND GOVERNMENTAL AUDIT EXPERIENCE**

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### **Specific Qualifications to Perform Ability Works, Inc. Audit**

HRK has performed the Ability Works, Inc. audit for the Mississippi Department of Rehabilitation Services for 16 years. The audit staff proposed on this audit have over 30 years' experience with Ability Works, Inc. We understand Ability Works, Inc.' mission and are familiar with all of the Ability Works, Inc. facilities throughout Mississippi. We have a detailed knowledge of the risks related to the entity's financial statements and have an audit methodology in place that assures that we will identify any new risks related to Ability Works, Inc. and its financial statements. HRK also has an in depth understanding of the Medicaid waiver payroll processing and the specific risks related to this portion of Ability Works, Inc.' operations which is a significant part of the Ability Works, Inc. financial statements and is subject to specific risks.

In addition to being knowledgeable about Ability Works, Inc., HRK performs numerous other audits of financial statements of state government agencies and their funds. In most of these cases HRK has a long-term relationship with the audited agencies which supports HRK's technical knowledge of state government financial statements.

HRK has 36 auditors who currently meet the continuing education requirements of Government Auditing Standards.

HRK has been involved with State and Federal accounting and auditing services for more than 30 years. We have provided traditional services (such as accounting and auditing) as well as specialized services (agreed-upon procedure engagements, performance audits, and consulting) to government agencies, depending on their need. Our firm has a proven track record of forward thinking, strategic planning, and progress management to provide and continue to provide comprehensive services in our changing governmental environment. Our experience includes the following services for state and federal governments:

### **Listing of Present/Previous State and Federal Government Audits**

#### **State Government Audit Experience**

- Mississippi Department of Rehabilitation Services, Ability Works, Inc., Yellow Book Financial Statement Audit, 2000-present
- Mississippi State Agencies Worker's Compensation Trust, Yellow book Financial Statement Audit, 1994 to present
- State Institutions of Higher Learning Self-Insured Worker's Compensation Fund, Financial Statement Audit, 2004 to present
- State Institutions of Higher Learning Tort Liability Fund, Financial Statement Audit, 2004 to present
- University of Mississippi Medical Center Tort Claims Fund, Financial Statement Audit, 2004 to present
- Mississippi Comprehensive Health Insurance Risk Pool Association, Yellow Book and A-133 Financial Statement Audits, 2002 to present



### **Listing of Present/Previous State and Federal Government Audits – continued**

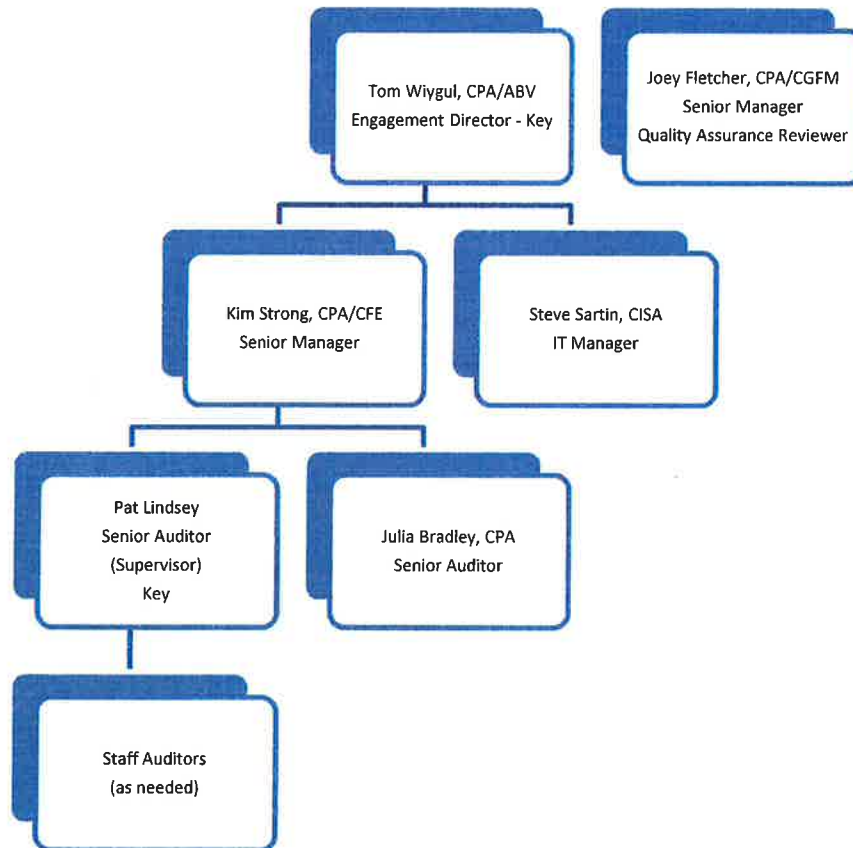
- Mississippi Comprehensive Health Insurance Risk Pool Association - Claims Audit, 2011
- Mississippi Department of Environmental Quality, Federal Funds Monitoring Services, 2017
- Mississippi Development Authority, Federal Funds Monitoring Services, 2008-present
- Mississippi Public Health Institute, 2015 to present
- National Aeronautics and Space Administration Exchange Operations at John C. Stennis Space Center, Yellow Book Financial Statement Audit, 2004 to 2009, 2013 to present

#### **Federal Audit Experience**

- American Battle Monuments Commission, Financial Statement Audit 2013-Present
- Equal Employment Opportunity Commission Federal Financial Statement Audit, 2010 - Present
- Farm Credit Administration Federal Financial Statement Audit, 2000-2006 and 2014-Present
- Federal Labor Relations Authority Federal Financial Statement Audit, 2009-2010
- NASA Exchange at Stennis Space Center Financial Statement Audit
- Social Security Administration – Performance audit of Consent Based Social Security Number Verification System Users, 2012-2016
- Social Security Administration – report on recommendations from CBSV compliance review, 2012
- U.S Department of Labor, Workforce Investment Act (WIA), Performance Audit, 2011
- U.S. Army Corps of Engineers – Civil Works, Financial Statements Audit,
- U.S. Department of Air Force – Fund Balance with Treasury Examination
- U.S. Department of Housing and Urban Development (HUD) Numerous Yellow Book Financial Statement Audits, 1990-Present
- U.S. Department of Labor Longshore Division LS513 Payments Review, special project, 1990-Present
- U.S. Department of Labor Longshore Division LS513 Agreed-upon Procedures, 1990-Present
- U.S. Department of Labor, College Grants Performance Audit, –2014
- U.S. Department of Labor, Occupational Safety and Health Administration (OSHA), Performance Audit 2011
- U.S. Department of Labor, Wage and Hour Division, Agreed Upon Procedures, 1997 - Present
- U.S. Department of the Interior, National Business Center, Performance Audit and A-123 Implementation
- U.S. Equal Employment Opportunity Commission, Financial Statements Audit, 2011 to present
- U.S. Office of Special Counsel, Federal Financial Statement Audit, 2008 to 2012

## Key Personnel

HRK understands that the key to exceptional service is having the right people on the right engagement. HRK offers the sound performance of a knowledgeable firm that reaches beyond traditional auditing services. Mr. Tom Wiygul will be primarily responsible for the conduct of this engagement and its timely completion. Mr. Wiygul is presently responsible for numerous audits of government agencies and have over 34 years of auditing experience. The staff assigned to conduct the engagement will collectively possess more than adequate professional proficiency for the tasks required. Following is an organization chart of individuals who will be assigned to the engagement with identification of those designated as key personnel:



## Resume Summaries

- Mr. Tom Wiygul, CPA, ABV will serve as the engagement director and will be primarily responsible for the onsite conduct of the engagement, supervision of overall conduct and quality assurance of the engagement and its timely completion. Mr. Wiygul has over thirty-four (34) years of auditing experience with extensive experience with audits conducted in accordance with Government Auditing Standards. Mr. Wiygul will be available at all times to consult with SAO management on auditing and other matters. Mr. Wiygul is licensed to practice public accounting by the Mississippi State Board of Accountancy under license number 3055. In addition, Mr. Wiygul is accredited in Business Valuation, a member of the American Institute of Certified Public Accountants (AICPA), the Mississippi Society of Certified Public Accountants (MSCPA). Mr. Wiygul earned his Master of Accountancy and Bachelor of Accountancy at Mississippi State University. Mr. Wiygul is in good standing to

practice public accounting. H has completed 40 hours of continuing professional education each year and meets the continuing education requirements of the Mississippi State Board of Public Accountancy and of Government Auditing Standards ("the Yellow Book").

**Mr. Wiygul has 16 years' experience on the audits of Ability Works, Inc.**

- Mr. Joey Fletcher, CPA, CGFM will serve as the quality assurance reviewer on the engagement. Mr. Fletcher has over eleven (11) years of auditing experience with extensive experience with audits conducted in accordance with Government Auditing Standards. Mr. Fletcher is licensed to practice public accounting by the Mississippi State Board of Accountancy under license number 5877. In addition, Mr. Fletcher is a Certified Government Financial Manager and a member of the Association of Government Accountants. He is also a member of the American Institute of Certified Public Accountants (AICPA), and the Mississippi Society of Certified Public Accountants (MSCPA). Mr. Fletcher earned his Master of Accountancy and Bachelor of Accountancy at the University of Mississippi. Mr. Fletcher is in good standing to practice public accounting. He has completed 40 hours of continuing professional education each year and meets the continuing education requirements of the Mississippi State Board of Public Accountancy and of Government Auditing Standards.
- Mrs. Kimberly Strong, CPA, CFE will serve as the engagement senior manager and will be primarily responsible for high level supervision of the senior auditors. Mrs. Strong has over eight (8) years of auditing experience with extensive experience with audits conducted in accordance with Government Auditing Standards. Mrs. Strong has twenty (20) years of experience examining insurance entities and was a Contract Financial Examiner for the Mississippi Insurance Department for twelve (12) years. Mrs. Strong is licensed to practice public accounting by the Mississippi State Board of Accountancy under license number 6201. In addition, Mrs. Strong is a Certified Financial Examiner, member of the American Institute of Certified Public Accountants (AICPA), the Mississippi Society of Certified Public Accountants (MSCPA), and the Society of Financial Examiners. Mrs. Strong earned her Master of Accountancy with a concentration in computer systems and a Bachelor of Accountancy at Mississippi State University. Mrs. Strong is in good standing to practice public accounting. She has completed 40 hours of continuing professional education each year and meets the continuing education requirements of the Mississippi State Board of Public Accountancy and of Government Auditing Standards.
- Mr. Steve Sartin, CISA, will serve as the engagement information technology manager. Mr. Sartin has over nine (9) years of information technology experience. Mr. Sartin serves as our information technology manager at the firm and his primary responsibility is insuring that personally identifiable information related to this project that is stored on HRK's IT systems is properly secured. Mr. Sartin also assists the engagement team with having the appropriate computer equipment.
- Ms. Pat Lindsey is a senior auditor in the audit and consulting department of Harper, Rains, Knight & Company, P.A. She has over seventeen (17) years of experience in public accounting in audit and consulting. Ms. Lindsey graduated from the University of Southern Mississippi in 1998 with a Bachelor of Science Degree in Business Administration and in 1999 with a Master of Professional Accountancy. She has completed 40 hours of continuing professional education each year and meets the continuing education requirements of the Mississippi State Board of Public Accountancy and of Government Auditing Standards. **Ms. Lindsey has 15 years' experience on the audits of Ability Works, Inc.**

- Ms. Julia Bradley, CPA is a senior auditor in the audit and consulting department of Harper, Rains, Knight & Company, P.A. She has over two (2) years' experience in public accounting, specializing in audit. She is a Certified Public Accountant in the State of Mississippi, License #7273. Ms. Bradley graduated from the University of Southern Mississippi in 2013 with a Bachelor of Science in Business Administration with Accounting emphasis and in 2014 with Masters of Professional Accountancy. She is a member of the American Institute of Certified Public Accountants and the Mississippi Society of Certified Public Accountants. Ms. Bradley is in good standing to practice public accounting. She has completed 40 hours of continuing professional education each year and meets the continuing education requirements of the Mississippi State Board of Public Accountancy.  
**Ms. Bradley has 2 years' experience on the audits of Ability Works, Inc.**

#### Continuing Professional Education ("CPE") for All Professional Staff of HRK

HRK's professional staff participates in a minimum of 40 continuing professional education ("CPE") credit hours within each one-year (twelve month) compliance period ending June 30 of each year (including rollover hours). Each CPA must also obtain and report a minimum of three (3) CPE credit hours in approved Ethics, Professional Conduct, Public Accountancy Law and Regulations course(s) triennially. A minimum of one (1) of these Ethics CPE credit hours must be in the subject of Public Accountancy Law and Regulations. In addition, our firm emphasizes the importance of each professional remaining competent in his/her area of practice. In planning the continuing education programs, consideration is given to the development of specialists in selected industries. Also, special consideration is given to the programs that will increase our knowledge and skills to meet the technical standards required to properly serve our clients.

Government Auditing Standards require that individuals who perform audits under those standards complete 80 hours of continuing education each year which must include 24 hours of continuing education specifically related to Yellow Book topics. HRK has 36 individuals who have met the continuing education requirements of Government Auditing Standards.

#### Subcontracting

HRK does not propose to utilize the services of a subcontractor in performance of this engagement.

### **3. FIRM'S TAX IDENTIFICATION NUMBER**

Harper, Rains, Knight & Company, P.A.'s tax identification number is **64-0809101**.

### **4. STATEMENT OF INDEPENDENCE**

Harper, Rains, Knight & Company, P.A. is independent of Ability Works, Inc. – Mississippi Department of Rehabilitation Services as defined by generally accepted auditing standards generally accepted in the United States of America and Government Auditing Standards.

### **5. EXTERNAL QUALITY REVIEW REPORT**

Harper, Rains, Knight & Company, P.A.'s most recent peer review was conducted in February, 2017. This peer review included a review of specific government engagements. The firm has received a peer review rating of *pass*. A copy of the report follows this page.



Watkins Uiberall, PLLC

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## REPORT ON THE FIRM'S SYSTEM OF QUALITY

**CONTROL** February 9, 2017

To the Shareholders of Harper, Rains, Knight & Company, P.A.  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Harper, Rains, Knight & Company, P.A. (the firm), applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended August 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### **Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### **Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### **Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; and audits of employee benefit plans.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Harper, Rains, Knight & Company, P.A. in effect for the year ended August 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Harper, Rains, Knight & Company, P.A. has received a peer review rating of *pass*.

Watkins Uiberall, PLLC

## 6. SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

Our individual hourly rates vary according to the degree of responsibility involved and the skill required. Our rates per level of professional staff for the audit of Ability Works, Inc. are as follows:

Level of Staff	Hourly Rate
Director	\$ 175
Senior Manager	125
Manager	110
Senior Accountant (supervisor	100
Senior Accountant	95
Staff Accountant	90

An invoice will be submitted upon delivery of report and is due upon receipt. Travel costs, if any, will be billed at applicable rates in accordance with State of Mississippi travel policy.

Following is a schedule of professional fees and expenses for completion of the fiscal year 2017 Ability Works, Inc. audit:

Labor Category	Estimated Hours	Hourly Rates	Audit Fee
Director	25	\$ 175	\$ 4,375
Manager	25	125	3,125
Senior Accountant (supervisor)	130	100	13,000
Senior Accountant	60	95	5,700
Staff	110	90	9,900
Clerical	10	80	800
Labor Totals	360		\$ 36,900
Direct expenses			250
Total professional fees & expenses			<u>\$ 37,150</u>

The expenses shown above assume that SAO performs all inventory required inventory observation and incurs the related direct travel expense.

We understand that the audited agency and SAO may request HRK to perform additional duties under the contract. Before this work would begin, the audited agency, SAO and the Firm will mutually agree in writing upon the terms, including compensation, for the additional work to be performed.