

**MISSISSIPPI AUTHORITY FOR  
EDUCATIONAL TELEVISION**

**TECHNICAL PROPOSAL FOR THE AUDITS OF  
GENERAL PURPOSE FINANCIAL STATEMENTS**

**Fiscal Year Ending  
June 30, 2018**

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REA, SHAW, GIFFIN & STUART, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
AMERICAN INSTITUTE  
OF  
CERTIFIED PUBLIC  
ACCOUNTANTS

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MEMBER  
MISSISSIPPI SOCIETY  
OF  
CERTIFIED PUBLIC  
ACCOUNTANTS

Fred Wicke, Director of Accounting and Finance  
Mississippi Authority for Educational Television  
3825 Ridgewood Road  
Jackson, Mississippi 39211

Dear Mr. Wicke:

Thank you for the opportunity to submit our audit proposal for the fiscal year ending June 30, 2018, with possible extension for fiscal years 2019 and 2020. We trust the information contained herein will be sufficient for your needs. We have enclosed a copy of our most recent external peer review report as requested. Should you have any questions regarding this proposal, feel free to contact us.

Sincerely,

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi  
April 16, 2018

## **REA, SHAW, GIFFIN & STUART, LLP**

### **FIRM BACKGROUND**

Rea, Shaw, Giffin & Stuart, LLP, is one of the oldest established firms in this area. The Firm was established in 1935 in the city of Meridian, Mississippi. In 1977, we opened an office in Waynesboro, Mississippi and in 2014, opened an office in Philadelphia, Mississippi. The Firm has been performing audits of governmental entities for numerous years. We perform audits for a wide variety of governmental clients, including counties, school districts, community colleges, cities and towns, state and local agencies and mental health centers.

The Firm is composed of seven partners, three of counsel partners, seven non-partner CPA's, and seventeen non-CPA professionals which includes staff accountants, bookkeepers, and support staff. The Firm has demonstrated professional growth over the past years and is proud of its accomplishments and the quality of its staff.

The Firm is a member of the American Institute of Certified Public Accountants (AICPA) and PCPS/Partnering for CPA Practice Success, the AICPA Alliance for CPA Firms, a nationwide division of firms that voluntarily undergo regular peer reviews (every three years) of their systems for maintaining quality in their accounting and auditing practices.

The Firm is active in the Mississippi Society of Certified Public Accountants (MSCPA) on the state and local level. O. Keith Evans, CPA, is a former board member of the MSCPA and served on the accounting and auditing committee. In addition to professional organizations, Firm members are active in community and religious organizations.

## **REA, SHAW, GIFFIN & STUART, LLP**

### **RELEVANT AUDIT EXPERIENCE**

Rea, Shaw, Giffin & Stuart, LLP, adheres to the philosophy that the responsibility accepted as a part of every engagement is to provide constructive solutions to client problems. This requires pervasive industry knowledge and experience as well as a commitment to imaginative approaches. The practice of Rea, Shaw, Giffin & Stuart, LLP, includes over 2,000 clients in all types of industries.

Development and maintenance of the related competence and experience demanded by this engagement requires continual exposure to state, county, and local governments. Our experience, as well as our exposure to current publications, provides us with the expertise to assist our clients quickly and efficiently. We have served in this area over a period of many years.

The following pages provide samples of relevant work which best illustrate our current qualifications for this project.

**REA, SHAW, GIFFIN & STUART, LLP**

**RELEVANT AUDIT EXPERIENCE**

<u>Project Name and Location</u>	<u>Nature of Firm's Responsibility</u>	<u>Governing Body</u>	<u>Last Completed</u>	<u>Years Audited</u>
Weems Community Mental Health Center Meridian, MS	Financial and Compliance Audits including Federal Grants	Board of Directors	March, 2017	FYE 1977-present
MS Authority for Educational Television Jackson, MS	Financial and Compliance Audits of State Agency	Board of Directors	January, 2018	FYE 6/30/13-present
The Meridian Airport Authority Meridian, MS	Financial and Compliance Audits including Federal Grants	Board of Commissioners	February, 2018	FYE 9/30/02-present
East MS Community College Scooba, MS	Financial and Compliance Audits including Federal and State Grants	President and Board of Directors	December, 2017	FYE 6/30/90-present
Meridian Community College Meridian, MS	Financial and Compliance Audits including Federal and State Grants	Board of Directors	January, 2018	FYE 6/30/12-present
Noxubee County Macon, MS	Financial and Compliance Audits of all county operations including Federal Grants	Board of Supervisors	October, 2017	FYE 9/30/02-present
Meridian Public Schools Meridian, MS	Financial and Compliance Audits including Federal and State Grants	Superintendent, Meridian Public Schools	January, 2013	FYE 6/30/79-88; 96-04; 06-09; 11-12
Lauderdale County Meridian, MS	Financial and Compliance Audits of all county operations including Federal Grants	Board of Supervisors	May, 2010	FYE 9/30/95; 00-01; 03-04

## **REA, SHAW, GIFFIN & STUART, LLP**

### **STAFF PROFILES**

#### **PRINCIPALS/PARTNERS**

O. Keith Evans, CPA, managing partner  
Charles E. Rea, CPA, of counsel  
Tommy Williams, CPA, of counsel  
George R. Rea, Jr., CPA, of counsel  
Richard James, CPA, partner in charge, Waynesboro  
R. Benton Moulds, Jr., CPA, taxes and small businesses  
Joyce Graham, CPA, Partner, Waynesboro  
Alan L. Webb, CPA, taxes and small business  
W. Douglas Coleman, CPA, accounting and auditing  
Dena C. Lagendijk, CPA, CSEP, taxes

#### **ADDITIONAL PROFESSIONAL STAFF**

Sandy Scott, CPA, audit manager  
Darice Clark, CPA, audit manager and tax accountant, Waynesboro  
Shawna Post, CPA, audit manager  
Liza Randall, CPA, tax accountant  
Brandon Jones, CPA, tax accountant  
Elizabeth Bennett, tax staff  
Chelsea Gaines, audit staff  
Sarah Scarbrough, CPA, audit staff  
Ruth Whitehead, CPA  
Stephanie Perry, tax and audit staff  
Nancy Davis, audit staff  
Emily Mosley, audit staff  
Jacob Ramage, tax staff  
Jessica Griffith, tax and audit staff  
Jazlyn Martin, audit staff

#### **PARAPROFESSIONALS**

Monica Blair, bookkeeper, Waynesboro  
Crystal White, firm accountant  
Betty Lynn Hall, bookkeeper  
Jo Lynn Williams, bookkeeper, Philadelphia

#### **CLERICAL AND COMPUTER SPECIALISTS**

Gina DuValle, office manager  
Sharon Ward, receptionist  
Jena Hayes, technical support assistant  
Brad Northam, computer manager  
Lanette Kelley, receptionist, Waynesboro,

**REA, SHAW, GIFFIN & STUART, LLP**

**STAFF RESUMES**

**O. KEITH EVANS, CPA, MANAGING PARTNER**

**Education:**

BSBA, accounting, University of Southern Mississippi, 1988, graduated with honors; CPA, 1990

**Relevant Experience:**

1989 to present, Rea, Shaw, Giffin & Stuart, LLP; 1998, admitted as partner. He is the auditor in charge of the Weems Community Mental Health Center audit and has been in charge of the Mississippi Authority of Educational Television audit and assisted in the audit of East Mississippi Community College.

**Memberships and Honors:**

Member, American Institute of Certified Public Accountants (AICPA)  
Member, Mississippi Society of Certified Public Accountants (MSCPA)  
Member, Membership Committee for MSCPA  
Past member, Accounting and Auditing Committee for MSCPA  
Past president, Lions Club  
Past board member of MSCPA  
Executive board member, Boy Scouts of America, Choctaw Area Council  
Board member, Meridian Little Theatre  
Administrative board, Central United Methodist Church

**SANDY SCOTT, CPA, AUDIT MANAGER**

**Education:**

BPA, Mississippi State University, May 1988; MPA, Mississippi State University, 1989; CPA, 1992.

**Relevant Experience:**

1991 to present, Rea, Shaw, Giffin & Stuart, LLP, audit manager.  
1989 to 1991, DeMiller, Denny, Word & Co., Jackson, MS, staff accountant.  
She is the auditor in charge of the Meridian Community College and East Mississippi Community College audits.

**Memberships and Honors:**

Member, American Institute of Certified Public Accountants (AICPA)  
Member, Mississippi Society of Certified Public Accountants (MSCPA)  
President, Delta Delta Delta sorority  
Member, Beta Alpha Psi (an accounting honorary society)  
Member, First United Methodist Church



**REA, SHAW, GIFFIN & STUART, LLP**

**STAFF RESUMES (continued)**

**SHAWNA POST, CPA, AUDIT MANAGER**

**Education:**

CPA, 2010

BS, accounting, Mississippi State University, 2005

**Relevant Experience:**

2005 to present; Rea, Shaw, Giffin & Stuart, LLP, audit manager. She is involved in the audits of Lauderdale County, Meridian Community College, and Meridian Community College Foundation.

**Memberships and Honors:**

Member, American Institute of Certified Public Accountants (AICPA)

Member, Mississippi Society of Certified Public Accountants (MSCPA)

Member of Fellowship Baptist Church

**NANCY DAVIS, MBA, STAFF ACCOUNTANT**

**Education:**

MBA, George Washington University, 2010

BA economics, Washington & Lee University, 2004, graduated with honors.

**Relevant Experience:**

2015 to present, Rea, Shaw, Giffin & Stuart, LLP.

Financial Analyst at United Bank, Washington, D.C.

She has worked on audits of Lauderdale County Tourism, Meridian Community College, East Mississippi Business Development Corporation, The Yates Companies, Great Southern Bank, and various non-profit audits.

**Memberships and Honors:**

Member, Junior Auxiliary of Meridian

Member, St. Paul's Episcopal of Meridian

**JESSICA GRIFFIN, BA, STAFF ACCOUNTANT**

**Education:**

BA accounting, Mississippi State University, 2015

**Relevant Experience:**

2015 to present, Rea, Shaw, Giffin & Stuart, LLP, Philadelphia, MS.

Accounting Clerk at Inn Serve Corp, Meridian, MS.

She has worked on audits of Central Electric Power Association, The Yates Companies, and has assisted with various other audits.

## **REA, SHAW, GIFFIN & STUART, LLP**

### **AUDIT TEAM**

The audit team consists of the following:

Keith Evans, CPA  
Sandy Scott, CPA  
Shawna Post, CPA  
Nancy Davis, MBA  
Jessica Griffin, BA

Principal/Supervisor  
Quality Control Reviewer  
Audit Manager  
Staff Accountant  
Staff Accountant

### **SUPERVISION**

The principal/supervisor plans and reviews all major aspects of the audit. He reports all problem areas and the progress on the job. The audit manager reports to the supervisor concerning about audit progress and discusses problems and findings.

After completion of the audit, the report and all work papers are reviewed by the supervisor and quality control reviewer. Once they are satisfied, the report and all work papers are subjected to a technical review by a partner who is trained in this area. If there are matters for further consideration, the audit is returned to the principal/supervisor for correction or further work. The audit must pass the technical review prior to its completion.

**REA, SHAW, GIFFIN & STUART, LLP**

**UNDERSTANDING OF WORK TO BE PERFORMED**

It is our understanding that the auditing services will be made in conformity with the following guidelines and regulations:

1. The standards for financial audits set forth in the U.S. Government Accountability Office's Government Auditing Standards, which includes generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.
2. Statements of financial accounting standards as prescribed by the Governmental Accounting Standards Board.
3. Special items or reports prescribed by SAO as set forth in PART VII Audit Services Schedule.
4. OMB Uniform Grant Guidance.

**REA, SHAW, GIFFIN & STUART, LLP**

**TIME FRAME FOR AUDITS**

For the fiscal year ending June 30, 2018, the estimated starting date will be August 1, 2018, for planning and information gathering. Actual field work should begin around September 1, 2018, and should be completed approximately by September 30, 2018. Final reports will be delivered by October 15, 2018. An exit conference will be held and any proposed adjusting entries will be discussed upon the completion of field work.

**REA, SHAW, GIFFIN & STUART, LLP**

**AUDIT SERVICES TO BE PROVIDED WITH STAFFING PLANS  
AND ESTIMATED COSTS**

In connection with the audit of Mississippi Authority for Educational Television, the Firm will perform the following procedures, time estimates, staffing plans, and estimated costs. Estimated costs are computed based on a \$90 average hourly rate for the fiscal year ending June 30, 2018.

<u>Procedure</u>	<u>Estimated Audit Hours</u>
A. Engagement planning - includes gaining an understanding of internal controls and performing risk assessment procedures.	60
B. Audit fieldwork - includes substantive testing of financial statement balances and certain tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements. This will encompass testing related to the GAAP reporting package and CPB schedule of non-federal financial support.	155
C. Engagement completion - includes preparation of audit reports and, if applicable, letters to management on suggestions for improvements in internal control and correction of any noncompliance matters.	<u>57</u>
Total estimated hours	272
Average cost per hour	<u>\$ 90</u>
Total	<u>\$ 24,500</u>

Should our firm be awarded with the 2018 audit contract, we will honor the above pricing for the contract extension to include the 2019 and 2020 fiscal year audits.

**REA, SHAW, GIFFIN & STUART, LLP**

**CONTACT PERSON**

O. Keith Evans, CPA, is the individual responsible for the preparation of this proposal. However, any of the principals whose résumés are included, may also be contacted.

The Firm's address and telephone number:

Rea, Shaw, Giffin & Stuart, LLP  
P.O. Box 2090  
Meridian, MS 39302-2090  
(601) 693-2841

**REA, SHAW, GIFFIN & STUART, LLP**

**CERTIFICATIONS SCHEDULE**

Audit service provider certifies (check blanks, fill in spaces, and sign where appropriate):

- A. That the proposer is properly licensed for public practice in the State of Mississippi as a certified public accountant.   X
- B. 1. That the Firm meets the independence requirements of the Government Auditing Standards, published by the Government Accountability Office (The Yellow Book).  
  X
2. That the Firm, under any contract requiring approval by the office of the state auditor, will not assign audit responsibilities to any staff member who does not meet the CPE requirements of the Government Auditing Standards (The Yellow Book).   X
- C. That the Firm has an external peer review and will submit a copy of the opinion in the proposal.   X
- D. That the Firm does ( ) does not (X) have a record of substandard audit work. Disclosure of any positive enforcement action is made below:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- E. That the Firm has ( ) has not (X) employed or retained any company or person, other than a full-time bona fide employee working solely for the audit service provider, to solicit or secure this contract.
- F. That the Firm has ( ) has not (X) paid or agreed to pay any company or person, other than a full-time bona fide employee working solely for the audit service provider, any fee, commission, percentage or brokerage fee, contingent upon or resulting from the award of this contract, and agrees to furnish information relating to letters E and F as requested.
- G. That the Firm is (X) is not ( ) a small business concern. Generally, a small business concern is a concern that is independently owned and operated, is not dominant in the field of operation in which it is bidding and, with its affiliates, employs no more than 500, or is certified as a small business concern by the small business administration.
- H. That the Firm is ( ) is not (X) a minority business or women's business enterprise.
- I. Type of business (check appropriate box):  
( ) Individual                      (X) Partnership                      ( ) Corporation  
Incorporated in the state of   N/A   (complete if corporation)

J. Parent company and employer identification number:

1. Is the Firm owned or controlled by a parent company? ( ) Yes (X) No
2. If the answer to J-1 is "Yes," the Firm shall insert in the space below the name and main office address of the parent company.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

3. That the Firm shall insert in the applicable space below if it has no parent company, its own employer's tax identification number (EI #) or if it has a parent company, the E.I. # of its parent company:

Firm's E.I. #: \_\_\_\_\_ 64-0295411 \_\_\_\_\_

Parent company's E.I. #: \_\_\_\_\_

K. Certificate of independent price determination:

1. Certifies, in connection with this procurement, the Firm represented (and in the case of joint proposal, each parting thereto) to the best of its knowledge and belief:
  - a. that the prices in this proposal have been arrived at independently, without consultation, communication or agreement for the purpose of restricting competition, as to any matter relating to such prices with any other Firm or with any competitor;
  - b. that unless otherwise required by law, the prices have not been knowingly disclosed by the Firm and will not knowingly be disclosed by the Firm prior to award, directly or indirectly, to any other Firm or to any competitor and,
  - c. that no attempt has been made or will be made by the Firm to induce any other person or Firm to submit or not to submit a price proposal for the purpose of restricting competition.
2. Each person giving a price proposal represents with regard to collusive pricing that:
  - a. he or she is the person in the Firm's organization responsible within that organization for the decision as to the prices being offered herein and that he or she has not participated, and will not participate, in any action contrary to numbers K-1-a through K-1-c; or
  - b. he or she is not the person in the Firm's organization responsible within that organization for the decision as to the prices being offered herein, but that he or she has been authorized in writing to act as agent for the persons responsible for such decisions in certifying that such persons have not participated, and will not participate in any action contrary to number K-1-a through K-1-c, and as to their agent does hereby so certify; and,
  - c. he or she has not participated, and will not participate, in any action contrary to numbers K-1-a through K-1-c.



A proposal will not be considered for award where numbers K-1-a, K-1-c, or K-2 have been deleted or modified. Where number K-1-b has been deleted or modified, the proposal will not be considered for award unless the Firm furnished, with the proposal, a signed statement which sets forth in detail the circumstances of the disclosure and the state auditor, or his designee determines that such disclosure was not made for the purpose of restricting competition.

Sincerely,

*REA, SHAW, GIFFIN & STUART, LLP*

  
O. Keith Evans, CPA  
Managing Partner

Enclosures

/jh





## System Review Report

To the Partners of Rea, Shaw, Giffin & Stuart, LLP  
and the Peer Review Committee of the Mississippi Society of Certified  
Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Rea, Shaw, Giffin & Stuart, LLP (the firm) in effect for the year ended December 31, 2015. 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. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

We noted the following deficiency during our review:

1. **Deficiency** – The firm's quality control policies and procedures provide its personnel with a means of ensuring that all necessary procedures are performed on Employee Retirement Income Security Act (ERISA) engagements. During our review of ERISA engagements we noted that audit program steps in certain key areas were not completed. As a result the firm failed to adequately perform, including appropriately documenting, procedures related to tests of eligibility, payroll and participant data. The firm will subsequently perform the testing and document its procedures in the audit files.

**Recommendation** – The firm should review and emphasize to its personnel the practice aids available to ensure compliance with the requirements of specialized industries. The engagement partner should carefully review audit programs and the underlying work papers at the completion of an engagement to ensure their proper completion as required by firm policy.

Smith, Dukes & Buckalew LLP

Mobile 3800 Airport Blvd. • Suite 101 • Mobile, Alabama 36608 • phone 251-343-1200 • fax 251-344-0966 • [web.smithdukes.com](http://web.smithdukes.com)  
Daphne 6475 Van Buren Ave. • Suite 200 • Daphne, Alabama 36526 • phone 251-621-9600 • fax 251-621-9608

In our opinion, except for the deficiency previously described, the system of quality control for the accounting and auditing practice of Rea, Shaw, Giffin & Stuart, LLP in effect for the year ended December 31, 2015, 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*. Rea, Shaw, Giffin & Stuart, LLP has received a peer review rating of *pass with deficiency*.

*Smith, Dukes & Buckalew, LLP*

Smith, Dukes & Buckalew, LLP  
June 2, 2016



Dukes  
PROVEN | DYNAMIC | DIFFERENT

October 20, 2016

Peer Review Committee  
Mississippi Society of CPAs  
306 Southampton Row  
Ridgeland, MS 39157

Dear Committee Members:

This letter is written to assist Rea, Shaw, Giffin & Stuart, LLP in complying with certain actions the firm voluntarily agreed to take in connection with the Mississippi Society of CPAs Peer Review Committee's consideration of acceptance of its 2016 peer review report and response thereto.

As detailed in a letter dated August 17, 2016, the Peer Review Committee accepted the firm's 2016 peer review documents with the understanding that the firm agree to permit an outside party, acceptable to the Committee chairman, to review the report, financial statements and working papers for a defined contribution plan audit, a defined benefit plan audit and an ESOP audit issued subsequent to the firm's peer review and report to the Committee by September 30, 2016 on the results of the review.

I performed the following procedures:

- Reviewed a copy of the firm's 2016 peer review report, Finding for Further Consideration (FFC) form, and the firm's letter of response, and the acceptance letter describing the required corrective actions.
- Reviewed the report, financial statements, and working papers for each type of ERISA audit engagement described in the preceding paragraph issued subsequent to the peer review to determine whether the engagement was performed in accordance with professional standards in all material respects. I documented my review using the AICPA "Employee Benefit Plan Audit Engagement Checklist (August 2016)".
- Discussed with the firm the review results and the corrective action plan, and evaluated the feasibility of the firm achieving its plan.

While performing the procedures, I found some minor incomplete disclosures in the areas of risks and uncertainties and related party/party-in-interest transactions. The disclosures were revised to expand explanations in these areas.

Because only minor matters were found on the engagements I reviewed, I believe no further monitoring of the firm by the Mississippi Society of CPAs Peer Review Committee is necessary at this time.

This letter is intended solely for the information and use of the Mississippi Society of CPAs Peer Review Committee and Rea, Shaw, Giffin & Stuart, LLP, and is not intended as a substitute or replacement for the peer review documents issued on the firm's 2016 peer review.

Sincerely,

Reviewer  
Smith, Dukes & Buckalew, LLP

cc: Mr. Keith Evans  
Rea, Shaw, Giffin & Stuart, LLP

Smith, Dukes & Buckalew LLP

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