

# CRI

Helping You Shine  
*by Illuminating Solutions*



*professional services*

## PROPOSAL FOR

Mississippi Department of Information  
Technology Services

May 11, 2018

### PROPOSER

Carr, Riggs & Ingram, LLC  
400 W. Parkway Place, Suite 300  
Ridgeland, MS 39157  
(601) 853-7050



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com)

### SUBMITTED BY

Joseph R. May  
Engagement Partner  
[jmay@CRIcpa.com](mailto:jmay@CRIcpa.com)



# Request For Proposal

**Issued by:**

Office of the State Auditor  
Jackson, Mississippi

Stephanie Palmertree  
Director, Financial and Compliance Division

**Submitted by:**

Carr, Riggs & Ingram, LLC  
400 West Parkway Place, Suite 300  
Ridgeland, MS 39157

Contact: Joseph R. May, Partner

Phone: 601-853-7050  
Email: [jmay@cricpa.com](mailto:jmay@cricpa.com)

# TRANSMITTAL LETTER



May 11, 2018

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

Dear Mr. Ashley:

Carr, Riggs & Ingram, LLC (CRI) appreciates the opportunity to propose on auditing services to Mississippi Department of Information Technology Services (the "MDITS"). We are genuinely excited about the prospect of serving you and establishing a long-term relationship. We pride ourselves on getting to know our clients and illuminating solutions by providing innovative **IDEAS** to move them from compliance to providing them a competitive advantage.

**I** **nvestment in You.** We believe in developing long-term, mutually beneficial relationships and quickly demonstrating value with a fee structure and service solutions that provide immediate and continued savings. Our investment starts on "Day 1" as your assigned team begins with our proven, streamlined process that minimizes your time and disruption during the service provider change and continues throughout the relationship.

**D** **edicated Team.** CRI's team consists of more than 1,800 professionals, which allows us to tailor your service team by aligning their industry, service, and specialty skills with your needs. Our dedicated teams deliver the highest level of business acumen and knowledge to your organization; our commitment to consistent staffing allows you to maximize savings and remain focused on your needs.

**E** **quilibrium.** CRI delivers big firm expertise with small firm service. Of approximately 45,000 public accounting firms in the United States, CRI currently ranks among the top 20. Additionally, as a part of PrimeGlobal, an association of independent accounting firms, we have access to international resources as – and when – needed. Leveraging these resources while maintaining local decision-making authority means that simplified solutions are only a phone call away. And we believe that's the best of both worlds for our clients.

**A** **ctive Partner Participation.** Collectively, our partners deliver expertise derived from more than 6,200 years of business experience. With this level of talent, we thoughtfully choose a partner that aligns with your business' needs and industry. Our hands-on, working partners "show up" to convey our genuine commitment to your success. They strive to earn trusted advisor roles by digging in, proactively learning your business, and producing long-term value for you.

**S** **implified Solutions.** Our 500+ different cumulative partner certifications is an impressive statistic, success is measured by translating complex concepts into client solutions. While accounting is the language of business, we're here to decipher the jargon and help you make educated decisions. CRInnovate embraces agility and invention. The **CRI vSTAR™ process**, our inaugural initiative delivering a virtual audit, is designed to provide you with maximized efficiencies, reduced workload, and an improved experience.





CRI has earned the reputation as a leading innovator in the accounting profession while working extensively with local governments. CRI has assisted governments ranging in revenues under \$100,000 to budgets in excess of \$4 billion. CRI also audits more non-profit entities than any other firm in the Southeast (many subject to government accounting standards).

#### ***Understanding Your Needs***

Based on our work with similar entities, we believe we understand the needs and the challenges that your organization faces now and will face in the future:

- ***Industry Expertise*** – CRI works with many Mississippi agencies. More specifically, CRI has performed audits of the Mississippi Department of Human Services, Mississippi Development Authority, Mississippi Division of Medicaid, and the Mississippi Department of Rehabilitation Services, among others.
- ***An Efficient and Effective Audit*** - CRI's audit approach is based on a methodology that focuses on identifying the risks that affect your operations and financial statements. We will allocate our resources on the basis of that risk assessment to produce a focused and cost-effective audit: one that addresses your concerns, results in constructive business suggestions and minimizes costs to MBFC. Our experience with similar programs will help us to provide the most efficient audit and accounting services. *We commit to meet the deadlines specified in the Request for Proposal.* We understand that continuity is important to you, and therefore, we commit to continuing to maintain continuity of our team selected to serve MDITS to the maximum degree possible.
- ***Assistance With Current Issues*** - We will be proactive in keeping you abreast of the changing financial reporting environment, as we have with similar clients. We will assist MDITS in the implementation of GASB statements which substantially impact the accounting and reporting of MDITS. Our engagement partners have experience with the implementation of new standards for our clients and bring the benefit of their experiences to MDITS.

#### ***Cost-Effectiveness***

We recognize that the nature of your organization dictates that you control costs, and that fees from auditors must also be challenged. CRI will provide the necessary level of assurance for reasonable and affordable fees. We will challenge our approach to ensure that we implement the latest technology and minimize audit fees while ensuring that our procedures address any concerns management may have.

CRI utilizes several computerized audit tools to support our staff in increasing efficiency and cost-effectiveness which will yield tangible benefits our clients. Our windows-based audit software is considered one of the most advanced software products in the profession.

In submitting this proposal, CRI commits the best resources to assist MDITS in meeting future challenges and opportunities. We will ensure that MDITS receives top-level attention and has prompt access to our most qualified resources. Our entire client service team looks forward to this responsibility with enthusiasm. This proposal is a firm and irrevocable offer for two months. CRI is committed to performing the work within the time period prescribed.



We welcome the opportunity to demonstrate to you the same teamwork, expertise, innovation, and responsiveness that have made us one of the fastest growing public accounting firms in the United States. Again, we appreciate your consideration.

Sincerely,

Joseph R. May, CPA  
Partner

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## **Firm Qualifications and Experience**

CRI is a regional certified public accounting and consulting firm with over 1,800 professionals throughout Mississippi, Alabama, Florida, Georgia, Kentucky, Louisiana, New Mexico, North Carolina, Tennessee and Texas. CRI is currently ranked by Public Accounting Report as one of the top 20 largest accounting firms in the United States. We are the largest regional firm with a presence in the State of Mississippi. Professionals of diverse backgrounds and experience have joined CRI and enable us to serve clients from start-ups to global organizations. The CRI-Jackson office would perform the engagement for the services provided to MDITS.

We maintain membership in numerous professional organizations, including:

- The AICPA Alliance for CPA Firms
- The Center for Audit Quality of the AICPA
- The Governmental Quality Center of the AICPA
- Employee Benefit Plan Audit Quality Center of the AICPA

Members of the above organizations are select CPA firms recognized in the profession to be of the highest caliber. As a result, we are subject to stricter quality control standards than firms that choose not to take this voluntary step to improve the quality of their practices.

## **Internal Quality Control Reviews and External Reviews**

Experienced partners and professional staff of CRI conduct quality control reviews of our audits. Our partners' work is reviewed annually, and the inspection process includes periodic testing of the effectiveness of our quality controls and a continuous improvement program.

Peer reviews are performed every three years by another independent public accounting firm. The most recent review of CRI was performed in 2017 by EideBailly, LLP. Our peer review encompassed reviews of government specific engagements.

We also confirm that no disciplinary actions have been taken or are pending against our office during the last three years with federal or state regulatory bodies or professional organizations.

CRI is a part of PrimeGlobal, an association of independent accounting firms, which provides us access to international resources as – and when – needed. Leveraging these resources while maintaining local decision-making authority means that simplified solutions are only a phone call away. And we believe that's the best of both worlds for our clients.

The Jackson, Mississippi practice unit of CRI is comprised of over 60 people, approximately half of whom are professionals experienced in auditing governmental entities. The Jackson practice unit has ten partners and seven managers. Our professionals are articulate, intelligent and highly trained individuals with diverse backgrounds and skills. There are many accounting firms in our market area; however, we believe no other firm is more focused, more energetic, more innovative or more committed to its clients than CRI.



## PROPOSAL NARRATIVE

### **Independence**

We confirm that we are independent with respect to the Mississippi Department of Information Technology Services (MDITS), the State of Mississippi and all component units as defined by the Comptroller General of the United States in *Government Auditing Standards* and by generally accepted auditing standards as to relationships between MDITS and its management and CRI and with regard to any other work performed by CRI for MDITS which might impair CRI's independence and objectivity. Upon notification of our appointment as your auditors, we will ensure that all of our partners and professional staff meet all independence standards. In addition, CRI meets the independence requirements of the American Institute of Certified Public Accountants (AICPA). In compliance with such guidelines, CRI will maintain professional objectivity and independence with respect to any services performed for MDITS. At this time, we are not aware of any potential conflicts of interest, past or present, with regard to MDITS.

Should such issues arise at any point in the future, we have well-established internal procedures for resolving them to the satisfaction of all parties involved. Any concerns that MDITS's management may have on this or any other issue will receive a prompt and sensitive airing at the executive level of our organization, as befitting MDITS's status as one of our valued clients. MDITS will be notified of any professional relationship entered into with MDITS during the period of this agreement.

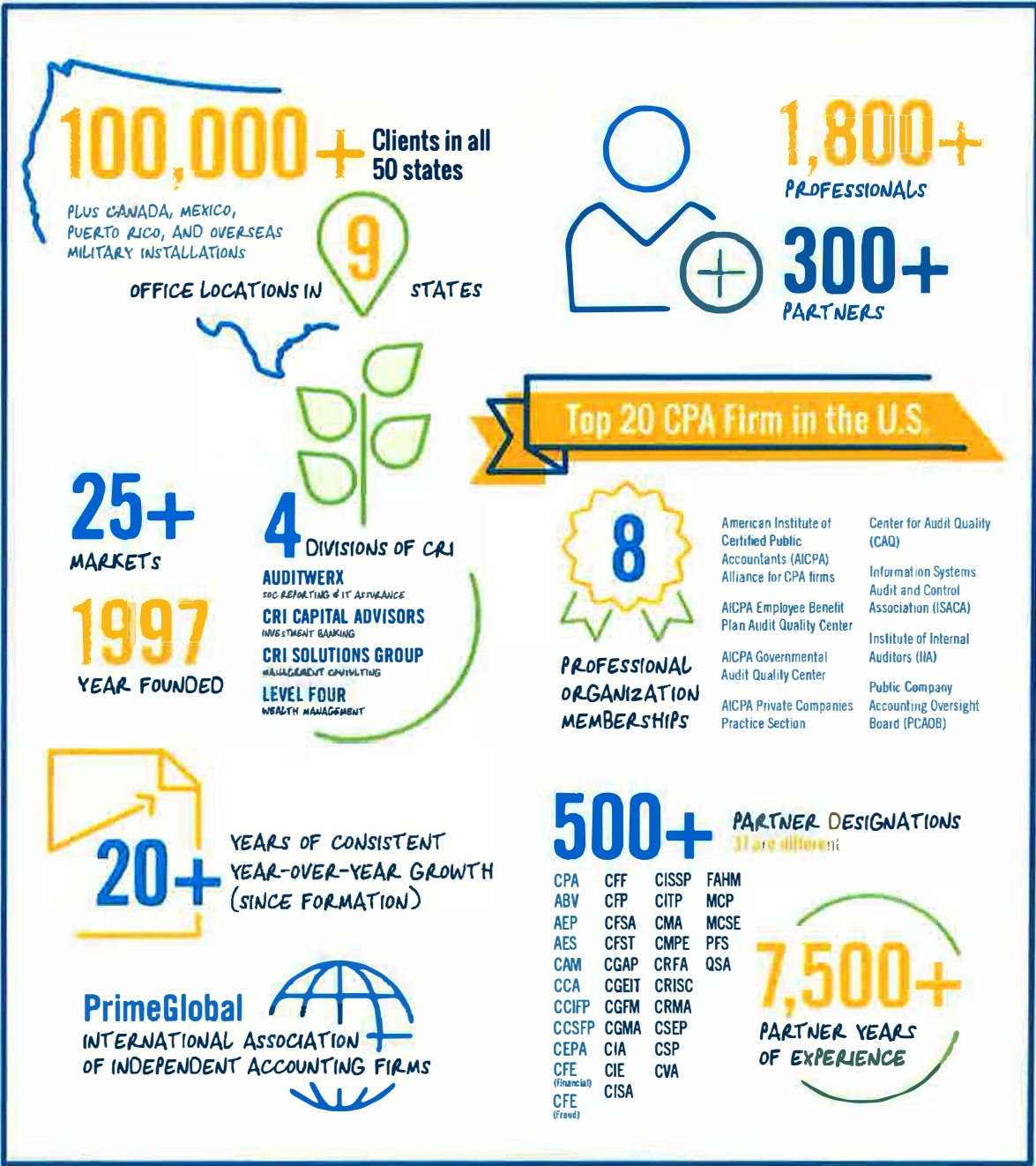
### **Federal Identification Number:**

Carr, Riggs & Ingram, LLC federal identification number is 72-1396621.





Firm Profile



## PROPOSAL NARRATIVE



We have served many Mississippi governmental clients over the years and we are excited about this opportunity to provide you with information about CRI. The Jackson office of CRI has been performing audits of Mississippi state agencies for over fifteen years.

The “bread and butter” of our practice is clearly financial statement and compliance audits, reviews and tax services relating to the entities we serve. Our Jackson office performs financial statement attestations for over 200 entities on an annual basis. Our Jackson office takes pride in having provided recent audits to notable clients such as Yellow Creek State Inland Port Authority, Mississippi Department of Environmental Quality, Mississippi Band of Choctaw Indians, Mississippi Department of Human Services, City of Clinton, Mississippi, Mississippi Division of Medicaid, Mississippi Institutions of Higher Learning, Mississippi Department of Rehabilitation Services, Mississippi Military Department, Blue Cross & Blue Shield of Mississippi, Hope Enterprise Corporation, University of Mississippi Medical Center Research Development Foundation, First Tower Corporation, Magnolia State Bank, South Mississippi Electric Power Association, Ivey Construction Company, Hope Community Credit Union, YMCA of the Metropolitan Area, and The Blossman Companies, Inc.

Locally your client service team is comprised of professionals experienced in the financial services and employee benefits industries, as well as, governmental and non-profit entities. Many of our not-for-profit audit engagements are performed in accordance with government auditing standards.



The following is a listing of recent CRI audits served by the partners assigned to the audit of MDITS, along with the experience derived from prior audits that will be applicable to the audits of MDITS:

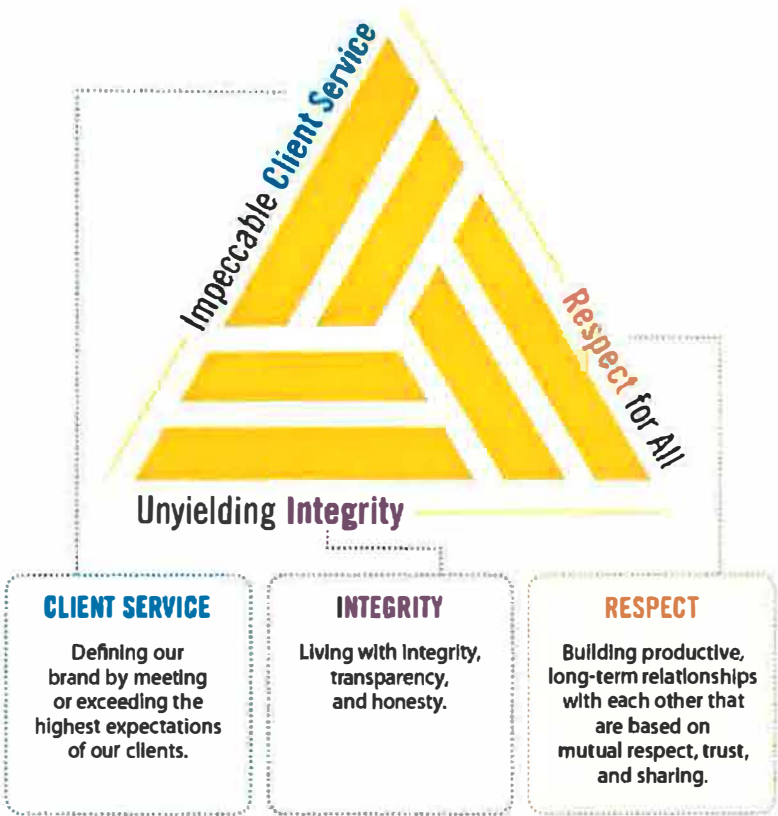
Associated General Contractors of Mississippi – non-profit entity  
Blue Cross & Blue Shield of Mississippi Foundation - non-profit entity  
Comptrust AGC of MS – a non-profit self-insured entity  
Healthcare Employers Resource Exchange – a non-profit self-insured entity  
Hope Enterprise Corporation - non-profit entity subject to federal funding audit under government auditing standards  
Hope Federal Credit Union – non-profit entity subject to federal funding audit  
MINACT, Inc. – government job corps center contractor  
Mississippi Organ Recovery Agency – non-profit entity  
Mississippi Department of Environmental Quality – government agency  
Mississippi Department of Human Services – government agency federal funding audit  
Mississippi Department of Insurance – government agency  
Mississippi Department of Rehabilitation Services – government agency federal funding audit  
Mississippi Development Authority – government agency federal funding audit  
Mississippi Division of Medicaid – government agency federal funding audit  
Mississippi Institutions of Higher Learning – government agency federal funding audit  
Mississippi Military Department – government agency federal funding audit  
Mississippi Trucking Association– non-profit entity  
Mississippi Trucking, Food & Fuel Self-insured Fund – a non-profit self-insured entity  
Mississippi Workers Compensation Commission – government agency  
Retirement Systems of Alabama – government agency  
South Mississippi Electric Power Assn – non-profit entity subject to federal funding audit  
City of Hattiesburg, Mississippi – government entity federal funding audit  
City of Clinton, Mississippi – government entity federal funding audit  
Choctaw Residential Center – government entity providing healthcare subject to federal funding audit  
Mississippi Band of Choctaw Indians – government entity federal funding audit  
Yellow Creek State Inland Port Authority – government agency

CRI's strong commitment to the public sector means that MDITS will be served by individuals who are knowledgeable about governmental accounting issues. At the most basic level, this experience means that work for MDITS will progress smoothly and efficiently with no last-minute surprises. More important, however, these skilled individuals have the breadth of experience to provide workable, practical solutions to issues affecting MDITS.



Sharing CRI's Values with You

We are proud of our hands-on, service-centric, and results-oriented approach. Combining that approach with quality controls and superior talent allows us to help you achieve your goals and strengthen your management systems and processes. This approach is further emphasized through our three core values which guide our team's behavior and function as the foundation for interactions with our clients and each other.





### **Specialized Government Training**

Our firm's strong commitment to continuing education means that you will be served by individuals who are knowledgeable about governmental accounting and tax issues. CRI's continuing professional education (CPE) requirements comply with the requirements of the AICPA Division for CPA Firms. All professional staff, including partners, must have a minimum of 40 hours of qualifying CPE each calendar year. In addition, our professionals involved in governmental auditing are required to meet the Yellow Book requirements of 80 credit hours, 24 of which must be in governmental accounting and auditing for each two-year period. Additionally, our firm has committed significant resources to the development of the CRI Leadership Academy in order to continually develop the interpersonal skills of our professionals throughout their career.

We also have in-depth training and expertise relative to comprehensive annual financial reporting requirements and GFOA certification requirements.

CRI recognizes the critical importance of providing specialized training to our professional staff who are involved in particular industries such as state and local government. As demonstrated by our educational requirement, CRI has a significant interest in committing the necessary time and resources to the government industry.



## Government Credentials



During the 7 years we have worked with Carr, Riggs & Ingram, I have found that their team has tremendous expertise in local government financial operations. They have demonstrated a keen understanding of our risks and worked with our city officials to develop sensible solutions to mitigate those risks. Moreover, they have provided us with a number of suggested "best practices" in day-to-day operations and have helped document the way we do things. I can say without question that Carr, Riggs & Ingram has truly made a measurable difference for the City of Moultrie and its finance department. I would recommend them for any work for which they are under consideration.

—Gury McDaniel, Finance Director  
 City of Moultrie, Georgia





## **Partner, Supervisory and Staff Qualifications and Experience**

We have assembled a team of experienced industry and functional practitioners from whom MDITS can expect to receive the highest level of professional excellence. Our engagement team will include a core service team consisting of two partners, one audit manager, one audit senior and two audit staff responsible for the planning and execution of our audit. Supporting our core service team will be an IT audit specialist.

### **Selecting the Right People**

In choosing the members of our service team for MDITS, we have drawn heavily on the knowledge and understanding of the public sector that we have acquired over the years. Accordingly, our team members provide a strong blend of relevant industry expertise, technical proficiency and understanding of your operations, as outlined in this section.

First and foremost, we understand the importance of timely and responsive service to MDITS. We have evaluated the workload of each team member to ensure that we can meet our commitments. We want to emphasize a policy to which every team member subscribes: client service is the first priority in all of our activities.

Our proposed service team has a track record of providing responsive service to clients, and each member has developed the communication skills to frame valuable suggestions in terms of action and results.

Our service team is composed of management with the professional stature and maturity to work confidently and effectively with all MDITS personnel. They are skilled at managing public sector engagements; have in-depth public sector accounting and auditing expertise; and are creative professionals and astute business advisors.

Prior to removing, replacing, or diverting any of the proposed personnel, CRI will notify SAO reasonably in advance and shall submit justification, including proposed substitutions. Any requested substitutions will be for CRI personnel with similar backgrounds and level of experience.



## Delivering Quality to You

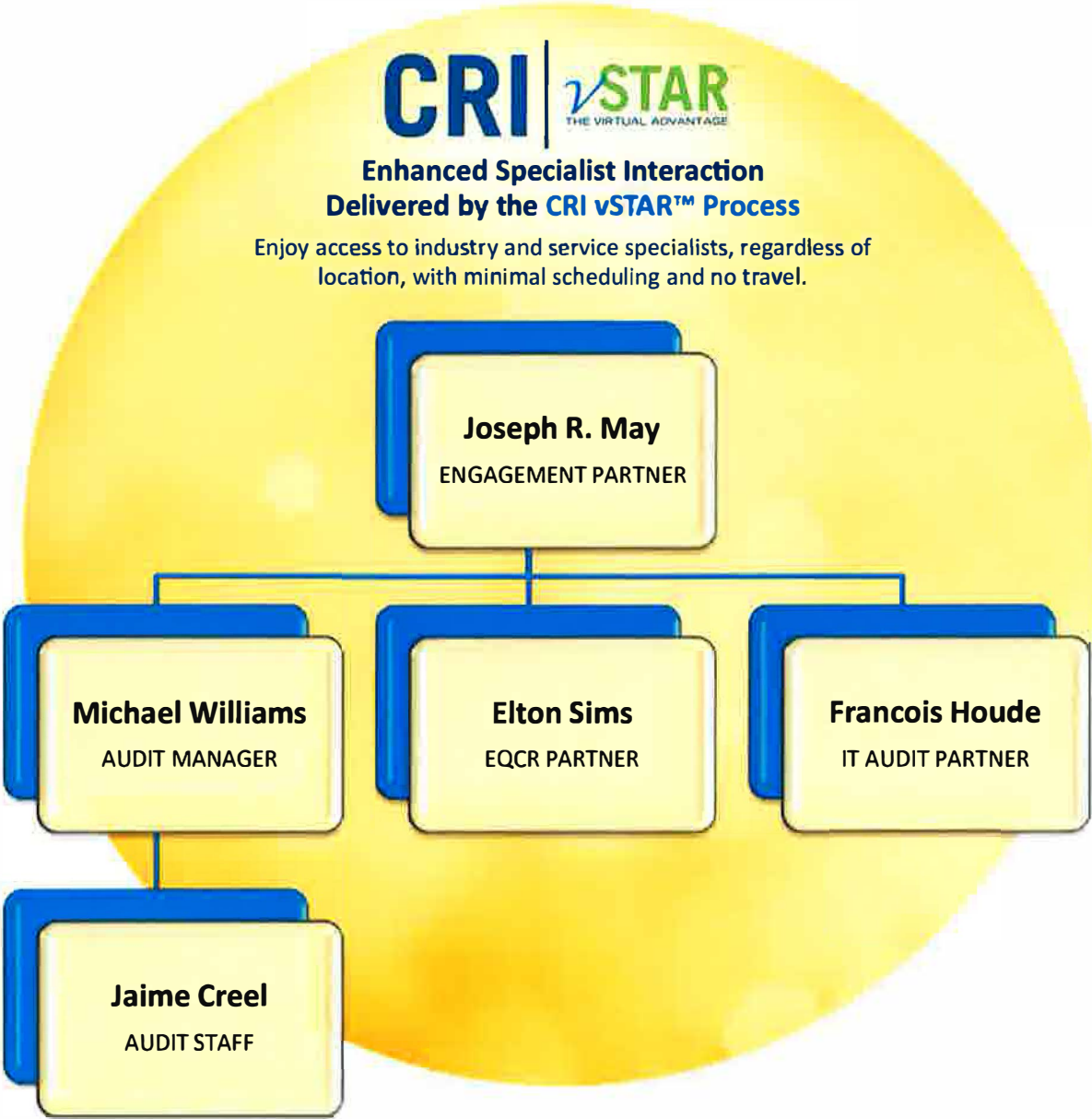




Your Engagement Team

We have assembled a team of professionals who will ensure the highest level of personal dedication and professional excellence to you. Our team delivers exceptional services through a balanced blend of skills (service-driven, industry-specific, technical, and business) and experience that we know are important to you.

Brief profiles of each member of the team identified below follow on subsequent pages.





**Joseph May**  
Engagement Partner

(601) 853-7050 phone

jmay@cricpa.com

## Representative Clients

- Mississippi Band of Choctaw Indians
- Mississippi Department of Rehabilitation Services
- Mississippi Development Authority
- Mississippi Insurance Department
- Mississippi Military Department
- Mississippi Institutions of Higher Learning
- Amfed National Insurance Company
- Amfed Casualty Insurance Company
- Gulf Guaranty Insurance Company
- Gulf Guaranty Life Insurance Company
- Mississippi Guaranty Title Insurance Company
- USA Insurance Company
- Blue Cross Blue Shield of Mississippi
- HMO of Mississippi
- Whitestone Insurance Company
- New Mexico Office of Insurance Regulation
- Florida Office of Insurance Regulation
- Louisiana Department of Insurance
- Pennsylvania Insurance Department

## Experience

Joe is a partner of the firm with over 20 years of experience in auditing and financial analysis including over seven years of experience working in various capacities with governmental agencies, including the Mississippi Department of Insurance and the State Auditor's Office. Joe's experience includes working on numerous other governmental entities, including Uniform Guidance audits. Specifically, he is partner in charge of both Treasury fund and Federal Compliance audits of Mississippi Development Authority – Disaster Recovery Division, the Mississippi Military Department and the Mississippi Department of Rehabilitation Services. Joe's extensive experience in governmental auditing and specific experience in working with Mississippi state agencies will ensure that MDE receives the highest level of client service.

## Education, Licenses & Certifications

- Millsaps College, M.B.A.
- University of Southern Mississippi, B.S. in Accounting
- Certified Public Accountant
- Certified Insurance Examiner
- Certified in Financial Forensic
- Certified Financial Examiner - Insurance
- Certified Management Accountant
- Fellow in the Academy for Healthcare Management

## Professional Affiliations

- American Institute of Certified Public Accountants
- Mississippi Society of Certified Public Accountants
- Institute of Certified Management Accountants
- Society of Financial Examiners - Insurance
- Insurance Regulatory Examiners' Society
- Academy for Healthcare Management



**Elton Sims**  
EQCR Partner

(601) 499-2518 phone  
(601) 209-2102 mobile

esims@cricpa.com

## Representative Clients

- Hope Federal Credit Union
- First Tower Corp.
- Tower Loan of Mississippi
- Retirement Systems of Alabama
- Florida Prepaid Tuition Plan
- Blue Cross & Blue Shield of MS
- City of Hattiesburg, Mississippi
- Town of Terry, Mississippi
- City of Meridian, Mississippi
- Mississippi Prepaid Affordable College Tuition Plan
- Mississippi Affordable College Savings Program
- Mississippi Division of Medicaid
- Mississippi Health Care Trust Fund
- Mississippi Humanities Association
- Mississippi Institutions of Higher Learning
- Mississippi Rehabilitation Services
- Mississippi Military Department
- Mississippi Department of Insurance
- Mississippi Workers' Compensation Commission
- Mississippi Development Authority
- Mississippi Department of Wildlife, Fisheries and Parks

## Experience

Elton is a partner with CRI and brings over 25 years of public accounting and audit experience to this engagement, the majority of which relates to serving governments, non-profits and educational institutions. He has fifteen years of experience with a national accounting firm. His expertise results from serving a wide spectrum of large governmental and financial services entities. Elton works in a leadership role for annual audits and other annual services provided to nine Mississippi agencies and divisions (annual revenues ranging from \$10 million to \$4 billion), the Retirement Systems of Alabama (annual revenue approximating \$5 billion) and the Florida Prepaid College Board (annual revenue approximating \$1.2 billion). Elton's background in serving as engagement partner on other large governmental engagements means he is well-versed in many of the issues which affect your operations and has a keen understanding of the nature of your business.

## Education, Licenses & Certifications

- BS, Accounting, University of Southern Mississippi
- Certified Public Accountant
- Certified Financial Examiner

## Professional Affiliations

- American Institute of Certified Public Accountants
- Central Chapter Mississippi Society of Certified Public Accountants
- Mississippi Society of Certified Public Accountants
- University of Southern Mississippi Accounting Advisory Council
- Society of Financial Examiners





**Michael B. Williams**  
**Audit Manager**

(601) 853-7050 phone

mbwilliams@cricpa.com

## **Representative Clients**

- Mississippi Development Authority
- Mississippi Department of Environmental Quality
- Yellow Creek State Inland Port Authority
- Mississippi Department of Human Services
- City of Clinton
- Tower Loan
- Blue Cross & Blue Shield of Mississippi
- Mississippi Band of Choctaw Indians
- Hope Enterprise Corporation/Hope Federal Credit Union

## **Non-CRI Clients**

- PERS of Mississippi

## **Experience**

Michael has 2 year of public accounting experience with CRI and was previously with an international CPA firm for 10 years. Michael's experience primarily consists of working on engagements for government and financial service entities, but he has experience with various other privately held and not-for-profit entities as well. He will serve as manager for the audit and will be involved with all aspects of fieldwork.

## **Education, Licenses & Certifications**

- Bachelors in Accountancy, Mississippi College
- Certified Public Accountant

## **Professional Affiliations**

- American Institute Of Certified Public Accountants (AICPA)
- Mississippi Society of Certified Public Accountants (MSCPA)





Jaime Creel  
Audit Staff

(601) 499-2544 phone  
(318) 218-0297 mobile

jcreel@cricpa.com

## Representative Clients

- Entergy of Mississippi
- Mississippi Department of Human Services
- Mississippi Development Authority
- Mississippi Department of Rehabilitation Services
- City of Clinton
- Choctaw Shopping Center Enterprise
- Hope Federal Corporation
- American Federated Insurance Company
- Galaxie Corporation and Subsidiaries
- Blossman Gas, Inc.
- Viking Transport, Inc.
- USA Insurance Company
- Gulf Guaranty Life Insurance Company
- Guaranty Bank and Trust Company
- The Corr Williams Company

## Experience

Jaime is a staff accountant with Carr, Riggs & Ingram, and brings 3 years of public accounting and audit experience. Jaime joined CRI in 2016 after having worked with another large regional firm in New Orleans, Louisiana. Jaime's experience primarily consists of working as a staff accountant on engagements for government entities, but she has experience with various other privately held and insurance entities. She will serve as staff accountant, and will be involved with all aspects of fieldwork.

## Education, Licenses & Certifications

- Bachelors in Accountancy, University of Southern Mississippi



**Francois Houde**  
**IT Systems Partner**

(601) 499-2510 phone  
(601) 594-8696 mobile

fhoude@cricpa.com

## **Representative Clients**

- State of Mississippi Institutions of Higher Learning
- Mississippi Division of Medicaid
- Mississippi Public Service Commission
- Blue Cross & Blue Shield of Mississippi
- Mississippi Insurance Department
- Pennsylvania Insurance Department
- Mississippi Military Department
- Mississippi Department of Rehabilitation Services
- Mississippi Development Authority
- Alabama State University

## **Experience**

Francois has over 16 years of experience in public accounting. Francois has invaluable experience with non-profit and governmental audits and has supervised various engagements in this regard including the State of Mississippi Institutions of Higher Learning and the Mississippi Department of the Military. He is involved in the Blue Cross & Blue Shield of Mississippi audit as well as many insurance regulatory examinations for health care, life and casualty insurance companies for various state insurance departments, including Mississippi, Pennsylvania, New Mexico and Florida. Francois is also a Certified Information Systems Auditor and will serve as the technology specialist on the engagement. Prior to joining CRI, Francois served as a technology consultant supervising a system implementation of a large U.S. financial institution.

Francois has been leading the co-sourcing of the internal audit department and the TeamMate implementation of the State of Mississippi Institutions of Higher Learning since 2012.

## **Education, Licenses & Certifications**

- B.S., Accounting, Universite du Quebec a Montreal
- DESS, Accounting, Universite du Quebec a Montreal
- Chartered Professional Accountant
- Certified Information Systems Auditor
- Automated Examination Specialist
- Certified Financial Examiner

## **Professional Affiliations**

- American Institute of Certified Public Accountants
- Information Systems Audit and Control Association
- Society of Financial Examiners
- CPA Canada



### **Staff Continuity**

We recognize the importance of staff continuity. Turnover is not only disruptive to our clients but also affects our ability to perform efficiently.

Our goal in staffing is to strike a balance and to provide continuity of our staff. We want to provide for as great a degree of continuity as possible at the engagement management level. This means less time (and money) getting acquainted with your business.

Your organization operates in a complex, highly visible environment. MDITS needs an accounting firm that does not just “audit” but is a business advisor that contributes to moving MDITS forward. We will be available to assist you in dealing with the many business issues you may face.

Our approach to serving a complex organization like MDITS is to:

- Appoint a highly qualified client service team with skills, capabilities and experiences to meet your needs
- Conduct extensive client service planning in concert with management
- Execute an audit plan specifically designed to meet your unique requirements

Our team will meet regularly to brainstorm creative ideas for your consideration. Ideas developed at these sessions will be brought to your attention. This approach will work for MDITS, because we will obtain a thorough understanding of your requirements and your regulatory issues.

Our unique perspective allows us to see trends, anticipate opportunities, provide knowledgeable assistance, make strong recommendations and perform audits of your entity, with a minimum of disruption to management and staff. Our service to similar entities ideally positions us to serve you in the future.

### **Conclusion**

We do not merely make promises - we deliver results - and we have the track record to prove it. We meet deadlines, we are accessible and we are creative on your behalf. We will take the initiative to identify improvement opportunities and to develop plans for capturing them. We bring highly qualified people to your service and invite you to utilize their talents to benefit MDITS. In short, we will be fully responsive to your needs, while providing the highest-quality service.

## Transitioning You

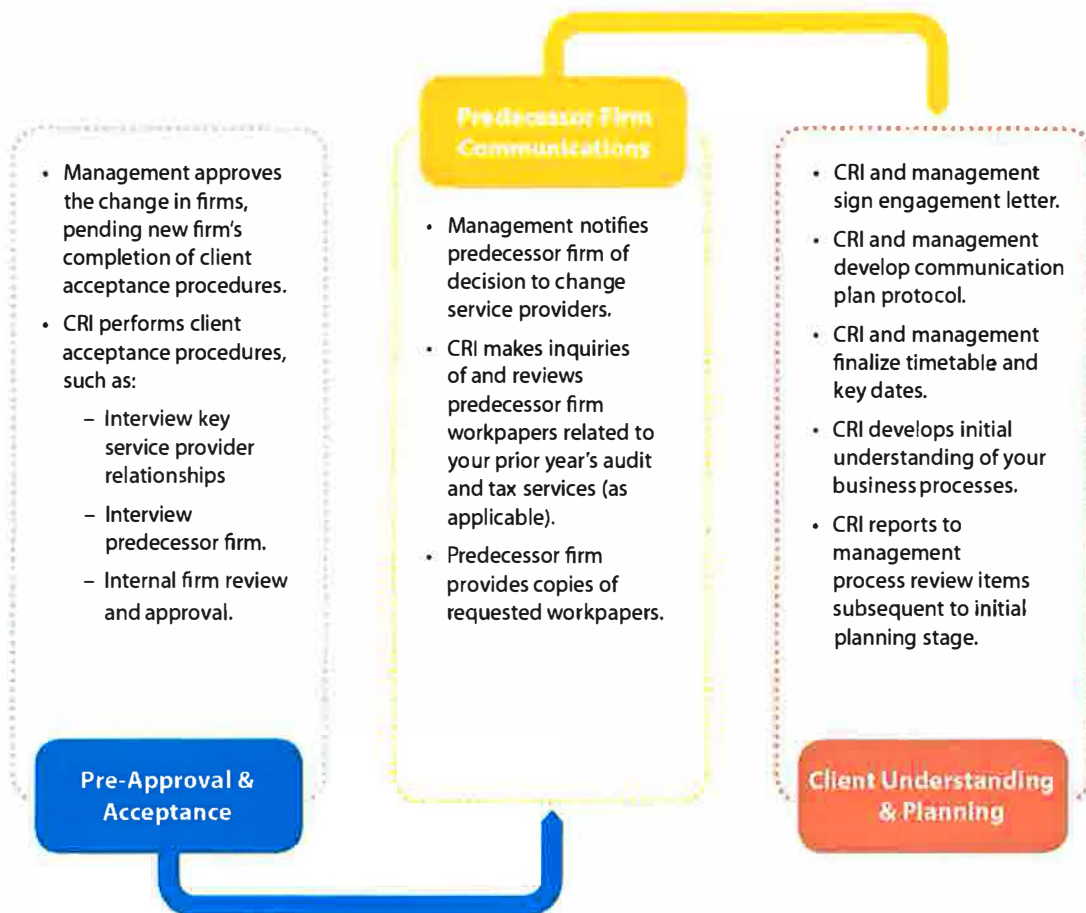
When choosing to change firms, the time involved in working with new accounting professionals is often a concern. CRI's well-defined efficient, seamless transition process is designed to:

- Provide you with value from the very first encounter,
- Avoid interruption of service,
- Minimize disruption and investment of management's time,
- Raise the standard of service, and
- Establish ongoing channels of communication with MDITS's management.

The transition plan is comprised of the following key activities and can occur within approximately two weeks, depending on the availability of the parties involved:

"As a CPA and former auditor myself, I know that changing auditors can often be difficult and time consuming due to learning curves and new processes. Fortunately, I quickly found that CRI's partners and staff make the transition simple and relatively painless. The significant involvement of the firm's partners is one of the main reasons for this result. CRI's partners are responsive to our needs and professionally handle the entire engagement from beginning to end."

*Ed Oliphant, Chief Financial Officer  
Regional Transportation Authority*





## Relevant Experience

### Similar Engagements with Other Entities

CRI delivers a depth of resources that ensures our understanding of your challenges and innovative solutions for overcoming them. Our governmental team's 1,100+ years of combined experience is derived from providing audit and accounting outsourcing services to a client base that includes:

- 450+ governmental entity clients across the South totaling approximately \$22 billion in total revenues, and
- Municipality clients of up to \$1.2 billion in total revenues.

We parlay this vast experience and derived best practices into proven solutions that benefit you.

Below we share specific, relevant client references; we encourage you to consult with them.

RELATIONSHIP	TIMELINE	SERVICE DESCRIPTION	RELEVANT POINTS TO CONSIDER
<b>Mississippi Department of Insurance</b> Mark Haire Deputy Commissioner of Insurance 601. 359.3572	2002 - Current	Numerous governmental and other consulting engagements	<ul style="list-style-type: none"> <li>• Approximately 3,000 hours annually</li> <li>• Client Service Partner: Joseph May, Elton Sims</li> </ul>
<b>Mississippi Development Authority</b> Kevin Collins Chief Financial Officer 601.853.5100	2007 – Current	Audit of annual financial statements, Uniform Guidance audits	<ul style="list-style-type: none"> <li>• Approximately 1,600 hours annually</li> <li>• Client Service Partner: Joseph May</li> </ul>
<b>Mississippi Military Department</b> Brigadier General Robert F. Thomas 601.359.6155	2007 - 2016	Audit of annual financial statements, Uniform Guidance audits	<ul style="list-style-type: none"> <li>• Approximately 300 hours annually</li> <li>• Client Service Partner: Elton Sims, Joseph May</li> </ul>

## PROPOSAL NARRATIVE



RELATIONSHIP	TIMELINE	SERVICE DESCRIPTION	RELEVANT POINTS TO CONSIDER
<b>Retirement Systems of Alabama</b> Montgomery, Alabama Dianne Scott Chief Financial Officer 334.517.7302	2009 - Current	Audit of annual financial statements	<ul style="list-style-type: none"> <li>Client Service Partners: Elton Sims and Steve Williams</li> </ul>
<b>State of Mississippi Institutions of Higher Learning</b> Jackson, Mississippi John Pearce Associate Commissioner of Finance and Administration 601.432.6122	2012 - Current          2007 - 2009	Co-sourcing of the office of internal audit function       Full-scope financial governmental entity under government auditing standards	<ul style="list-style-type: none"> <li>Approximately 3,600 hours annually</li> <li>Client Service Partners: Randy Eure and Elton Sims</li> <li>Approximately 11,000 hours annually</li> <li>Client Service Partners: Elton Sims</li> </ul>



For an example of our team's expertise, watch a CRI video blog by partner Brian Barksdale discussing [Government-Wide Statement of Activities](#). Just snap this QR code with your mobile phone to download or visit [CRlcpa.com](http://CRlcpa.com) to view one of our 100+ videos.





## Specific Audit Approach

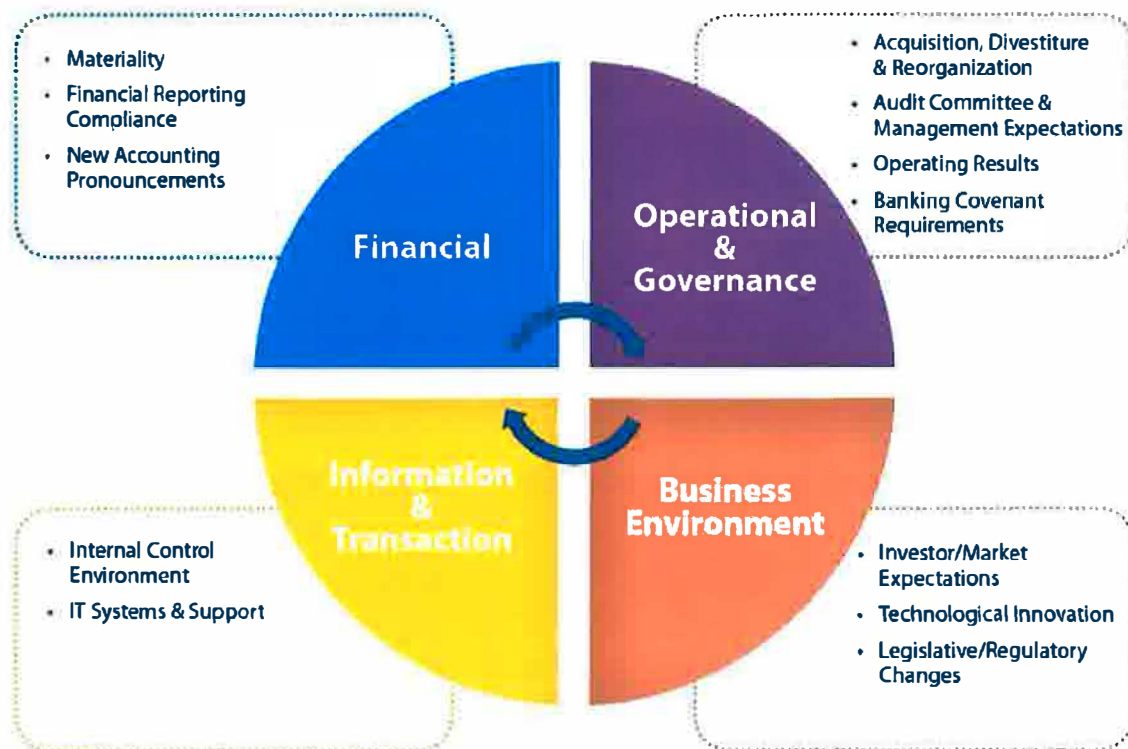
### CRI Audit Framework

Our proposed services require a coordinated effort between us and MDITS's team. Planning and continual communication are essential to developing the appropriate procedures, working collaboratively to resolve any identified issues, and meeting your timelines.

CRI's audit approach occurs within a framework of our client's business and industry; therefore, we assess risk by:

- Understanding management's perspectives and goals, and
- Considering business conditions and threats that could prevent management from achieving its business objectives.

We assess risks in the following areas:





### CRI Audit Framework

Our ultimate intent is to drill down from these broad risks to specific financial reporting risks. We understand both these risks and management's processes and procedures for mitigating them (i.e. internal controls) in order to develop our procedures to carry out our audit responsibilities.

Although our audits are conducted through a structured, risk-based model, we focus on understanding the client's needs, requirements, and expectations. We work collaboratively with management and the Audit Committee (or similar function) to develop a communication and work plan to continuously improve client service, by doing so we help in moving your team from simple **compliance** to providing you with a **competitive advantage**.

In planning, we concentrate on "key risks," (items with a greater risk of a material misstatement, a material weakness in internal controls, or other matters resulting in the issuance of an inappropriate audit report). We focus on "material" items (i.e. those items that would be important to the user of your financial statements). When evaluating materiality of identified misstatements, certain quantitative and qualitative factors must be considered—which may include:

- Impact on operating trends (revenue/income, expenses, net income, etc.).
- Nature of the misstatement (i.e., did the misstatement result from an unlawful transaction?).
- Impact on liquidity, capital/surplus, earnings capacity, etc.
- Impact to loan covenants and contractual and regulatory requirements.

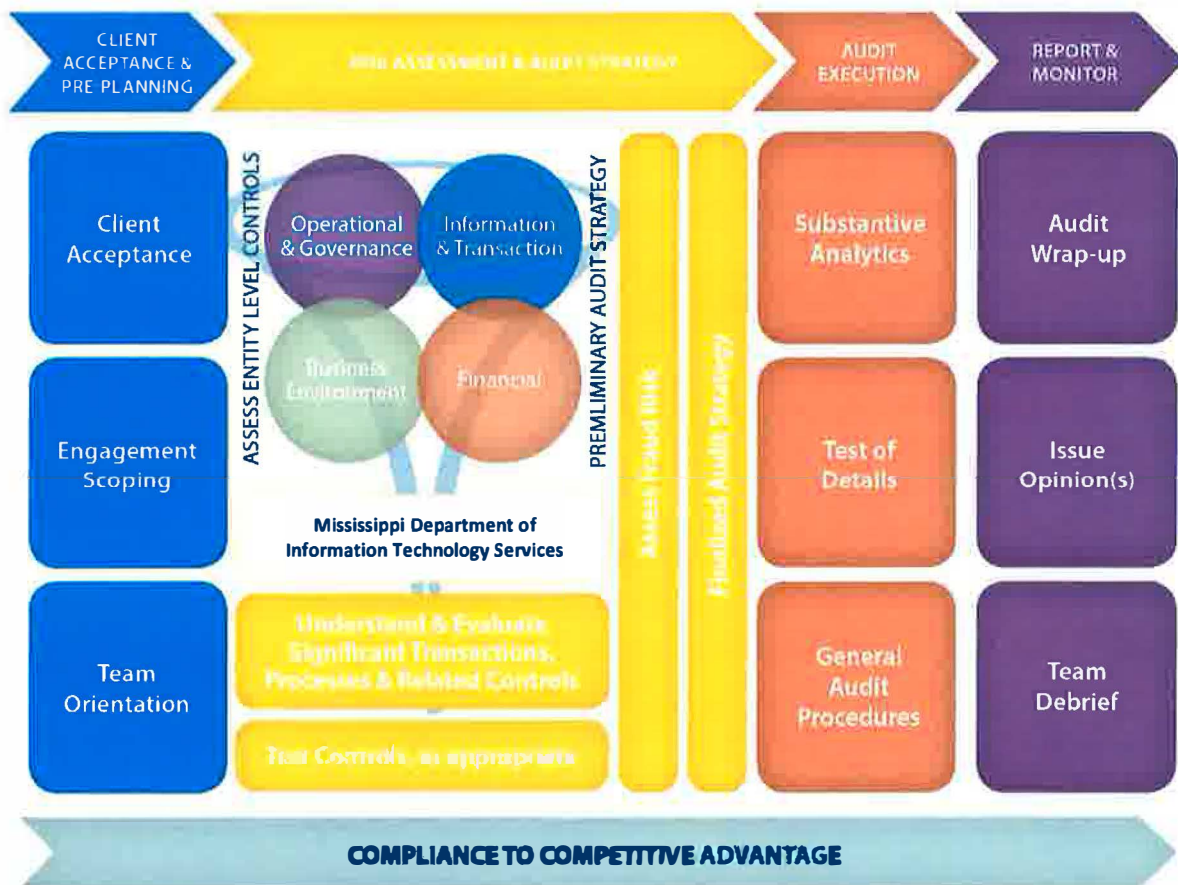
Consistent communication is a key to completion of the audit. By ensuring constant involvement, we are in a better position to respond to your issues timely and efficiently. Therefore, we plan to meet with your management to:

- Set-up the audit by reviewing the mapping of MDITS's financial information (financial statements and notes) to significant processes and IT systems to ensure that all significant account balances, transactions, procedures, and systems are tested as deemed necessary.
- Discuss ongoing changes—specifically new accounting pronouncements and key business transactions in their early stages, enabling us to agree on the resolution of various complex business issues on a timely basis.

## PROPOSAL NARRATIVE

### CRI Audit Approach

Our audit approach is a four stage approach, as depicted in the summary below. Our client acceptance and risk assessment procedures (as noted on the previous page) occur during detailed conversations and observations with your team. The results of those procedures allow us to tailor an audit program to your specific risks and needs. We then execute the audit, report the results, and evaluate continuous improvement opportunities for ongoing service and benefit to you.



## CRI Audit Approach

### Stage 1: Client Acceptance & Pre-planning

- Perform client acceptance procedures where necessary.
- Collaborate with management to agree to expectations and scope.
- Assign appropriate staff to engagement based on client needs and assessed risk.

### Stage 2: Risk Assessment & Audit Strategy

- Interview client personnel and others, as necessary to understand client-specific objectives and risks.
- Assess environmental and other external risks and potential impact on the audit planning.
- Assess entity level controls including: control environment, risk assessment, information & communication, and monitoring controls.
- Assess management's fraud and IT risk assessment models. Develop independent fraud and IT risk assessment.
- Assess IT General Computer (ITGC) controls, such as IT Environment, Developing & Delivering IT, and Operating IT & Monitoring IT.
- Assess materiality.
- Perform preliminary analytical procedures.
- Map financial statements to significant transactions, processes, IT systems and related controls.
- Develop understanding of significant processes and related controls.
- Determine existence of/reliance on SSAE 16 (formerly SAS 70(s)).
- Test controls including ITGC, as and if deemed appropriate. Tests will include a mix of:
  - inquiry,
  - observation,
  - examination and
  - re-performance.
- Determine reliance on Internal Audit, if applicable (e.g. controls or detailed tests).
- Determine reliance on specialist(s), if applicable (e.g. valuations, pension costs, etc.).
- Finalize risk assessments and develop final audit strategy.

### Stage 3: Audit Execution

- Where possible, develop detailed analytical procedures to use as substantive tests to reduce tests of details. Examples include:
  - ratio analysis,
  - regression analysis,
  - trend analysis,
  - predictive tests or
  - reasonableness tests.
- Where possible utilize Computer-Assisted Audit Techniques (CAATs), such as IDEA or ACL to automate testing for more coverage and less disruption to the client.
- Where possible, perform targeted testing (also known as "coverage" testing) of account balances to tests large portions of account balances.
- Perform tests of details, including sampling, if applicable or necessary.
- Perform general audit procedures, as and if applicable, such as tests related to:
  - commitments and contingencies,
  - legal letters,
  - management representations,
  - reviews of Board minutes,
  - related party transactions,
  - debt covenants and
  - going concern.
- Perform other tests for compliance such as Yellow Book or Single Audit Tests.

### Stage 4: Report & Monitor

- Continually monitor the audit and provide feedback as agreed during scoping or more frequently, as deemed appropriate.
- Conclude the audit (i.e. issue opinions and/or reports).
- Develop and present required communications, including management letter comments.
- Perform an internal team de-briefing to identify areas for improvement.
- Welcome the opportunity for an external de-briefing with our clients to improve.

# PROPOSAL NARRATIVE

## Proposed Audit Strategy

In certain complex areas, we may use functional specialists (e.g. information technology [IT], valuation of investments, and review of actuarial assumptions and calculations) to assist in the evaluation of complicated transactions and judgmental account balances. Additionally, we will review the financial statement disclosures and evaluate the overall transparency of MDITS's financial reporting.

Taking into account various items related to MDITS, such as—but not limited to—industry expertise, knowledge of your organization, preliminary risk assessments, materiality, and the judgmental nature of the accounts, we have outlined below the key areas of audit focus and our proposed strategy.

PROPOSED AUDIT STRATEGY						
Significant Areas	Level of Risk	Test of Controls	Substantive Procedures			Notes
			Analytics	Test of Details	Use of CAATs	
Initial audit procedures	High	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>- First time audit - all areas will be impacted.</li> <li>- We also will perform the requisite predecessor/successor communications.</li> </ul>
Fraud risks	Medium	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>- Will meet AICPA requirements of fraud testing.</li> <li>- Fraud is considered an intentional act that results in a material misstatement of the financial statements.</li> <li>- We will gather information to identify risks of material misstatement due to fraud, and evaluate processes that address fraud.</li> </ul>
Financial reporting	Medium	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>- Period-end financial reporting is critical; financial reporting compiles/reconciles detailed information from underlying processes and systems.</li> </ul>
Manual journal entries	Medium	✓		✓	✓	<ul style="list-style-type: none"> <li>- Manual journal entries are risky.</li> </ul>
Entity level controls	Medium	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>- We will gain an understanding of the control environment, risk assessment, monitoring, information and communication channels to determine the nature, timing, and extent of reliance on and tests of controls; we use all of the above to build the audit approach.</li> <li>- Our goal is to leverage management's processes to the degree possible, which increases efficiency.</li> </ul>
IT systems	High	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>- Underlying financial and operational systems supporting the key business cycles play a critical role in the ability to generate and compile complete and accurate financial data.</li> <li>- The IT security, computer operations and program change controls for financially significant applications are vital.</li> </ul>
Accounts payable and related expenditures	Medium	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>- Accounts payable are significant due to the account balance and number of transactions impacting accounts payable and the related expense accounts.</li> </ul>
Revenue recognition	High	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>- We will test revenue systems and processes and perform a combination of substantive analytical procedures and tests of details to test this area.</li> </ul>
Cash and cash equivalents and Investments	Low	✓		✓		<ul style="list-style-type: none"> <li>- Cash and investments are significant because of the large account balance and number of transactions impacting account.</li> </ul>



# PROPOSAL NARRATIVE



## Proposed Audit Timing

The following graphs depict the timing and key elements of our typical audit process.

PHASE	2018					
	MAY	JUNE	JULY	AUG	SEPT	OCT
<b>Client Acceptance &amp; Pre-Planning</b>						
Appointment of audit firm						
Ongoing consultation on major issues and developments						
Meet with management to discuss business risks and scope.						
Hold CRI engagement team planning meetings						
<b>Risk Assessment &amp; Audit Strategy</b>						
Gain understanding of significant processes and key controls						
Perform testing of key controls to reduce substantive testing						
Determine nature, timing and extent of substantive procedures						
Perform selected substantive procedures						
Finalize and communicate plan to management/governance						
<b>Audit Execution</b>						
Conduct remaining substantive tests based on the results of audit procedures performed to date						
Discuss results of audit work with management						
<b>Report &amp; Monitor</b>						
Review annual report						
Meet with management/governance to discuss results of audit						
Issue audited financial statements						





### **Why CRI?**

We strive to continue to be a dynamic firm, one whose public sector professionals are eager to continue working with the management and administration to address difficult challenges. We believe that we can provide unmatched service for these reasons:

- We have developed a strong understanding of auditing large governmental entities and complex investment portfolios that impact MDITS.
- Our engagement team of public sector professionals has four certified public accountants that have an aggregate of over 70 years of accounting experience. We will devote considerable management time to this engagement. The level of attention and expertise will result in responsive and quality service.
- Our leading-edge technology provides us with a risk-based, paperless audit approach that is extremely effective and efficient.

## PROPOSAL NARRATIVE



### Your Services & Fees

We value creating mutually-rewarding, long-term relationships with our clients. Our goal is to provide high quality, responsive service that yields returns far greater than your investment in our professional fees. Please find below our proposal of fees to provide the requested services for the upcoming fiscal year.

SERVICE
<p><b>Mississippi Department of Information Technology Services</b></p> <p>The work for this RFP includes performing all procedures necessary to issue an audit of the Mississippi Department of Information Technology Services (MDITS) fund financial statements (fund 2260100000) for the State fiscal year ending June 30, 2018.</p> <p>Adjusting entries will be prepared, if necessary, to the trial balances generated by the Department of Finance and Administration (DFA). These adjusting entries will be prepared on the DFA adjusting entry standardized forms and submitted to the MDITS for approval and SAO for review and processing within the due dates specified by SAO. It is anticipated that the financial statements will be available in August 2018.</p> <p>Financial statement audits will be required for: (1) GAAP reporting packages of the MDITS for the fiscal year 2018, including a conclusion on the fair presentation of the GAAP reporting packages in conformity with generally accepted accounting principles in the USA, and (2) a conclusion on compliance and internal controls based on an audit of the GAAP reporting packages for the MDITS performed in accordance with <u>Government Auditing Standards</u>.</p> <p>In addition, we will perform other Audit Services as detailed in Part VII of the RFP, as applicable.</p>

CRI FEES – Year Ending June 30, 2018			
Classification	Hours	Rate Per Hour	Total
Partner	15	\$175	\$ 2,625
Manager	20	135	2,700
Senior Accountant	0	100	0
Staff Accountant	50	90	4,500
IT Specialist	8	150	1,200
<b>TOTAL</b>	<b><u>93</u></b>		<b><u>\$11,025</u></b>

Fee proposed for the fiscal years ending June 30, 2019 and 2020 are \$11,500 and \$11,850, respectively.

*\*Actual out-of-pocket expenses will be billed separately and are not included in the fee. Such expenses are not expected to exceed \$500.*



## UNIQUE SAVINGS OPPORTUNITY WITH CRI

CRI offers the unique opportunity to utilize the **CRI vSTAR™ process**, our virtual audit process that combines minimal hardware, collaborative software, and cameras to allow us to perform all or part of our audit engagement virtually and in real time. **CRI vSTAR™ clients** will enjoy reduced or eliminated travel costs – which translates into savings.

If MDITS requests additional services outside of this proposal, professional fee hourly rates are as follows, but may be negotiated depending on the project request:

CLASSIFICATION	HOURLY RATE
Partner	\$225
Manager	\$185
Senior	\$150
Staff	\$125
IT Specialist	\$195
Fraud Specialist	\$195

Our professional fees are based on the key assumptions that MDITS will:

- Ensure that the predecessor's work papers will be made available for timely review.
- Make available documents and work papers for review at MDITS's headquarters location, although we may choose to review at alternate locations.
- Prepare certain schedules and analyses and provide supporting documents as requested.
- Assist us in obtaining an understanding of the accounting systems of MDITS.
- Not experience a significant change in business operations or financial reporting standards.



### System Review Report

To the Partners of Carr, Riggs & Ingram, LLC  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Carr, Riggs, & Ingram, LLC (the “firm”) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 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. 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*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

We noted the following deficiency during our review:

- I. Deficiency – The firm’s quality control policies and procedures with respect to engagement performance, including engagement partner review, as well as firm training for partners and staff, do not provide partners and staff with a means of ensuring that all necessary procedures are performed and/or procedures performed are appropriately documented, in the performance of Single Audit engagements. As a result, we identified performance and documentation deficiencies in each of the Single Audit engagements reviewed, and in the case of several engagements, deficiencies such that the engagements were considered to not have been performed in accordance with professional standards in all material respects.

**Recommendation –** The firm should provide appropriate training to all firm personnel assigned to Single Audit engagements to ensure an understanding of the procedures required to be performed, as well as related documentation requirements. We also recommend that the firm consider whether additional quality control policies should be implemented with respect to these engagements, including a requirement for EQCR to be performed on all Single Audit engagements and the establishment of defined qualification requirements to serve as an engagement partner on Single Audit engagements.

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

800 Nicollet Mall, Ste. 1300 | Minneapolis, MN 55402-7033 | T 612 253 6500 | F 612 253 6800 | EOF

## APPENDIX A – PEER REVIEW



In our opinion, except for the deficiencies previously described, the system of quality control for the accounting and auditing practice of Carr, Riggs, & Ingram, LLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 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*. Carr, Riggs, & Ingram, LLC has received a peer review rating of *pass with deficiency*.

*Eide Bailly LLP*

Eide Bailly LLP  
March 7, 2017



### WEBSITE

CRI shines a light on best practices via thousands of articles, videos, informative charts, and descriptive testimonials. With sections dedicated to illuminating insights by industries and services, our easy-to-navigate website highlights trending topics that detail new standards, changing regulations, and other current business topics. From cybersecurity to the new revenue recognition standard, we are ready to proactively answer your questions.



### CRInsights

CRInsights are your doorway to in-depth yet down-to-earth explanations of complex topics. We understand that just because a topic makes perfect sense to a CPA doesn't mean that it should to our clients.

- The Busy CFO & Controller's Toolkit for Successfully Implementing the New Revenue Recognition Standard
- 6 Key Ways to Strengthen Your Cybersecurity Posture
- Back to Basics: 5 Key Financial Considerations for Construction Companies
- The Not-for-Profit's Guide to Fraud Prevention



### NEWSLETTER

Our team is dedicated to keeping our clients informed, and we prove it by creating a custom monthly e-newsletter with widely-applicable topics. The articles are designed to help you improve your business and personal finances. Popular topics include:

- 3 Things To Improve Business Operations Immediately
- Financial Statement Audits Aren't Designed to Identify Fraud
- Are You a Big "Phish?" Protect from Cybersecurity Whaling Attacks
- You Might Have Money Hiding In Plain Sight

Sign up at [CRlcpa.com](http://CRlcpa.com).