

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT

STANDARD AGREEMENT for Professional Audit Services

18-FD-05

THIS AGREEMENT, made and entered into this 1st day of July 2017, at Gulfport, Mississippi, by and between the Mississippi State Port Authority, hereinafter referred to as "MSPA", the Office of the State Auditor, hereinafter referred to as "OSA", and

Alexander, Van Loon, Sloan, Levens, Favre, PLLC
9490 Three Rivers Road
Gulfport, Mississippi 39503
(228) 863-0411 - Telephone
(228) 863-1165 - Facsimile

Hereinafter called "Auditor";

The Auditor for and in consideration of the conditions, agreements, and stipulations of MSPA and OSA hereinafter expressed, does hereby agree to furnish to the MSPA and OSA services and materials as follows:

1. The MSPA and OSA desire to engage the Auditor to render certain professional services described within this contract and in the attached Audit Services Schedule with respect to the MSPA's fiscal year 2017 financial statements, grant schedules and compliance with federal program requirements.

MSPA will award the contract for one (1) year, with two one (1) year options, subject to annual review. The Period of Performance for this Agreement shall commence on July 1, 2017.

The audit firm will be asked to perform necessary procedures to ensure that subsequent events, which may require an adjustment to, or disclosure in, the group financial statements, are identified and documented between the date of the issued audit report for financial statements for the end of June 30, 2017, 2018 and 2019 of the MSPA and the issuance date of the State of Mississippi's

Comprehensive Annual Financial Report (CAFR), and the audit firm will be asked to make known to the Office of the State Auditor identified events for consideration in preparation of the opinion of the CAFR.

2. The Auditor shall receive as compensation as an independent contractor for the described auditing services a fee not to exceed amounts listed below plus any amount authorized by a duly executed amendment as provided in paragraph 14 of this contract.

Fiscal Year 2017 - \$51,470 Average fee per hour - \$112.00

Fiscal Year 2018 - \$51,877 Average fee per hour - \$116.00

Fiscal Year 2019 - \$57,672 Average fee per hour - \$119.00

These fees are based on the audit of one major program. See page 20 of Exhibit A for fees associated with the audit of additional major programs.



Said fees are based on the expectation that the MSPA's accounting records are complete and up-to-date and that the MSPA will provide, on a timely basis, audit schedules and supporting information, including communication of all significant accounting and financial reporting matters, as well as clerical assistance as is normal and reasonable in the circumstances. If for any audited year such records, schedules, etc., are not provided or other unforeseen conditions or events arise, the Auditor will confer with the MSPA and OSA to mutually revise the fee to reflect the additional effort required of the Auditor to achieve their objectives.

3. Auditor will be paid in arrears promptly on presentation of invoices, or such other data as MSPA may herein specify, after rendition of services. All fees shall be based on audit hours incurred.

The MSPA will pay such invoices in accordance with the law related to timely payment for purchases by public bodies (Miss. Code Ann . Section 31-7-301 et seq., Rev. 1990). The final payment shall be made after completion and acceptance of the audit services for each audited year. In no instance will a payment be made in excess of the contract amount for each year audited.

4. a. The auditing services will be made in conformity with the following guidelines and regulations:
 - i. The Auditor has the responsibility to conduct and will conduct the audit of the MSPA's financial statements in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, with the objective of expressing an opinion as to whether the presentation of the financial statements

that have been prepared by management of the MSPA, conforms with U.S. generally accepted accounting principles.

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- ii. The standards for federal audits set forth in the Single Audit Act Amendments of 1996, ~~and~~ the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and **Uniform Grant Guidance**.
 - iii. Special items or reports prescribed by the OSA as set forth in the attached Audit Services Schedule.
 - iv. Compliance with applicable state laws as set forth in the attached Audit Services Schedule.
 - v. Statements of financial accounting standards as prescribed by the Governmental Accounting Standards Board.
- b. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. In conducting the audit, the Auditor will perform tests of the accounting records and such other procedures, as the Auditor considers necessary in the circumstances, based on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud, to provide a reasonable basis for the Auditor's opinion on the financial statements. The Auditor also will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management of the MSPA, and evaluate the overall financial statement presentation.
- c. The Auditor's audit of the financial statements will be planned and performed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, fraud (including fraud that may be an illegal act), and other illegal acts may exist and not be detected by an audit of financial statements even though the audit is properly planned and performed in accordance with the auditing standards generally accepted in the United States of America and *Government Auditing Standards*. Also, an audit is not designed to detect matters that are immaterial to the financial statements, and because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to detect abuse. The Auditor will also perform certain limited procedures to the required supplementary information as required by auditing standards generally accepted in the United States of America. However, the Auditor will not

express an opinion or provide any assurance on the information. The report relating to the financial statements will include the Auditor's consideration of required supplementary information.

- d. Subject to the last sentence of the paragraph, the Auditor will issue a written report upon completion of the Auditor's audit of the MSPA's financial statements. We realize that the Auditor cannot provide assurance that an unqualified opinion will be expressed. Circumstances may arise in which it is necessary for the Auditor to modify its opinion, add emphasis-of-matter or other-matter paragraphs or withdraw from the engagement.
- e. In making the Auditor's risk assessments as a part of planning and performing the audit of the financial statements, it will consider the MSPA's internal control relevant to the preparation and fair presentation of the financial statements in order to determine the nature, timing, and extent of its audit procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the MSPA's internal control.
- f. Management of the MSPA acknowledges and understands that they have responsibility for the preparation and fair presentation, in accordance with U.S. generally accepted accounting principles, of the financial statements and all representations contained therein. Management of the MSPA also is responsible for identifying and ensuring the MSPA complies with laws, regulations, contracts, and grant agreements applicable to its activities, and for informing the Auditor of any known material violations of such laws and regulations and provisions of contracts and grant agreements. Management of the MSPA also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud. Management of the MSPA is also responsible for informing the Auditor, of which it has knowledge, of all material weaknesses and significant deficiencies, in the design or operation of such controls. The audit of the financial statements does not relieve management of the MSPA or the audit committee of their responsibilities.
- g. Management of the MSPA also acknowledges and understands that it is their responsibility to provide the Auditor with: i) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters; ii) additional information that the Auditor may request from management for purposes of the audit; and iii) unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence. As required by auditing standards generally

accepted in the United States of America, the Auditor will make specific inquiries of management of the MSPA about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from certain members of the MSPA's management about these matters. The responses to the Auditor's inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter the Auditor will rely upon in forming an opinion on the financial statements.

- h. Management of the MSPA is responsible for adjusting the financial statements to correct material misstatements and for affirming to the Auditor in the representation letter that the effects of any uncorrected misstatements aggregated by the Auditor during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon, taken as a whole. Because of the importance of management's representations to the effective performance of the Auditor's services, the MSPA agrees to release the auditor and its personnel from any claims, liabilities, costs and expenses relating to the Auditor's services under this letter attributable to any misrepresentations in the representation letter referred to above. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.
- i. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, the Auditor will perform tests of the MSPA's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, the Auditor's objective is not to provide an opinion on overall compliance with such provisions. The Auditor shall report promptly to the MSPA and OSA any preliminary findings of possible fraud, misapplication or misappropriation of funds.
- j. In accordance with *Government Auditing Standards*, as part of planning of the audit the Auditor will evaluate whether the MSPA has taken appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the financial statements. To assist the Auditor, management of the MSPA agrees to identify previous audits, attestation engagements, or other studies that relate to the objectives of the audit, including whether related recommendations have been implemented.
- k. In accordance with *Government Auditing Standards*, the Auditor will issue a management letter to communicate instances of noncompliance with provisions of contracts or grant agreements or abuse that have an effect on

the financial statements that is less than material but warrant the attention of those charged with governance. In accordance with *Government Auditing Standards*, the Auditor is also required in certain circumstances to report fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse directly to parties outside the auditee. In accordance with OMB Circular A-133 two reports will be required for the federal programs audited; 1) Report on the Financial Statement of a Federal Program in Accordance With the Program-Specific Audit Option Under OMB Circular A-133; and, 2) Report on Compliance with Requirements That Could Have a Direct and Material Effect on the Federal Program and on Internal Control over Compliance in Accordance With the Program-Specific Audit Option Under OMB Circular A-133. Also required will be management letters which detail findings noted which require management's attention.

1. The Auditor will report to management of the MSPA, in writing, the following matters:
 - i. Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.
 - ii. Uncorrected misstatements accumulated by the Auditor during the audit and the effect that they, individually or in the aggregate, may have on the Auditor's opinion in the Auditor's report, and the effect or uncorrected misstatements related to prior periods.
 - iii. Significant difficulties and disagreements with management, if any, encountered during the Auditor's audit.
 - iv. Other matters required to be communicated by auditing standards generally accepted in the United States of America.

To the extent that they come to the Auditor's attention, it will inform the appropriate level of management of the MSPA and OSA about any illegal acts, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud. Further, to the extent they come to the auditor's attention, it also will communicate illegal acts that come to the Auditor's attention, unless they are clearly inconsequential, material errors in the financial statements, and any instances of fraud that involve senior management or that, in the Auditor's judgment, cause a material misstatement of the financial statements.

If, during the performance of the Auditor's audit procedures, circumstances arise which make it necessary to modify their report or withdraw from the engagement, the Auditor will communicate its reasons for modification or withdrawal.

5. The MSPA, with the written consent of OSA, has the right to reject, at any time during the contract period, any work not meeting the terms of this contract. Should the MSPA or OSA reject any services, the MSPA or OSA's authorized

representative shall notify the Auditor in writing by registered mail of such rejection giving reason therefore. The right to reject services shall extend throughout the term of this contract. However, prior to termination of this contract by the MSPA, the MSPA must provide written justification to OSA documenting the reasons for requesting the contract be terminated. The MSPA must obtain written approval from OSA prior to terminating the contract.

- a. The completed financial audit report and management letter will be required no later than the second Thursday of November of each year under audit with a draft due to the Office of the State Auditor by October 31st of each year. Audit reports on the selected federal programs will be due no later than December 31st of each year under audit.
 - b. The Auditor acknowledges that the MSPA and OSA are relying on the timely completion of this contract in its scheduling and budgeting and that time is of the essence. If the Auditor fails to meet the completion date prescribed herein, the MSPA and/or OSA may, at their option, reduce the agreed compensation by an amount not to exceed ten percent (10%) of the total contract amount as liquidated damages for the failure to complete the contract by the completion date provided the failure to meet the report delivery deadline is not the result of MSPA delays.
7. The contract shall expire one hundred twenty (120) days after the delivery of the final completed audit reports and management letters so that any questions raised during the audit may be resolved.
8. The MSPA's Request for Proposals and the Auditor's technical proposal for professional services dated April 28, 2017 is labeled "Exhibit A" and shall be incorporated as part of this contract.
9. The Auditor shall submit a monthly progress report which details the work completed the preceding month to the MSPA and OSA authorized representatives. The report shall be delivered within ten (10) days after the end of the preceding month.
10. The MSPA with the written consent of OSA's authorized representative is empowered to accept or reject the services furnished by the Auditor in compliance with the material provisions of this contract and the attached Audit Services Schedule. However, any rejection of services must be based solely on the Auditor's failure to comply with the material terms of this contract, and cannot be based on the nature of the Auditor's opinion on the financial status of the MSPA in its audit report. However, prior to termination of this contract by the MSPA, the MSPA must provide written justification to OSA documenting the reasons for requesting the contract be terminated. The MSPA must obtain written approval from OSA prior to terminating the contract.

11. The Auditor shall have a certified public accountant (CPA) as the certifying official of the final reports.
12. The work papers prepared in conjunction with the services under this contract are the property of the Auditor, constitute confidential information, and will be retained by the Auditor in accordance with its policies and procedures. These records shall be maintained for a least five (5) years; however, if any litigation or other legal action, by or on behalf of the State has begun that is not completed at the end of the five (5) year period, or if audit findings, litigation or other legal action has not been resolved at the end of the five (5) year period, the records shall be retained until resolution. The Auditor agrees to make its work papers available to subsequent fiscal year audit firms. Upon request by the MSPA or OSA, any data, files and records collected by the Firm will be destroyed or returned to the MSPA or OSA. The Firm may retain, however, copies of all such records required for recordkeeping purposes or for compliance with applicable professional standards. Pursuant to *Government Auditing Standards*, the Auditor is required to make certain work papers available in a full and timely manner to Regulators upon request for their reviews of audit quality and for use by their auditors. In addition, the Auditor may be requested to make certain work papers available to OSA pursuant to authority provide to it by law or regulation. Access to the requested work papers will be provided under supervision of the Auditor's personnel. Furthermore, upon request, the Auditor may provide photocopies of selected work papers to Regulators. Such Regulators may intend, or decide, to distribute the photocopies or information contained therein to others, including other government agencies.
13. a. Termination for Cause. Upon the failure of either party to perform any obligation or observe any covenant required hereunder, the non-defaulting party, with the written consent of OSA, shall have the right to send a written notice to the defaulting party specifying such failure and demanding cure within ten (10) days of receipt of such notice. If the defaulting party has not remedied such failure within the cure period, or has not made substantial progress toward remedying such failure within the cure period, then the non-defaulting party may terminate the contract immediately by sending a written notice of termination to the defaulting party. However, prior to termination of this contract by the MSPA, the MSPA must provide written justification to OSA documenting the reasons for requesting the contract be terminated. The MSPA must obtain written approval from OSA prior to terminating the contract. In the event of termination for cause by the MSPA and/or OSA, in addition to other remedies provided herein or available at law or in equity, the Auditor shall bear all costs associated with the issuance of a new contract for audit services, including, but not limited to, the costs of reissuing another request for proposals and additional costs resulting from an acceleration of services necessary for the timely completion of such auditing services.

- b. Termination by MSPA. The MSPA and/or OSA may terminate this contract, with or without cause, by providing a fifteen (15) day written notice of termination to the Auditor. However, prior to termination of this contract by the MSPA, the MSPA must provide written justification to OSA documenting the reasons for requesting the contract be terminated. The MSPA must obtain written approval from OSA prior to terminating the contract.
 - c. In the event of termination, the Auditor will be entitled to payment for services in an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Auditor covered by the contract, less payments previously made. In no instance, other than as specified in paragraph 2, will a payment be made in excess of the contract amount. All finished or unfinished tests, surveys, checklists, forms, manuals, reports or other material prepared by the Auditor under this contract shall become the property of OSA.
- 14. The MSPA, OSA or the Auditor may, from time to time, request changes in the scope of services of the Auditor to be performed thereunder. Such changes, including any increase or decrease in the amount of the Auditor's compensation which are mutually agreed upon by and between the MSPA, OSA, and the Auditor, shall be included in written amendments to this contract signed by all parties prior to the work being performed.
 - 15. The Auditor shall not assign or otherwise transfer the obligations incurred on its part pursuant to the terms of this contract without the prior written consent of the MSPA and OSA. Any attempted assignment or transfer of its obligation without such consent shall be wholly void. All obligations and duties of either party under this contract shall be binding on all successors in interest or assigns of such party.
 - 16. The Auditor shall comply, in all material respects, with all applicable laws, regulations, policies and procedures of the United States of America or any agency thereof, the State of Mississippi or any agency thereof and any local governments or political subdivisions that may affect the performance of services under this contract. The MSPA will assist the Auditor in identifying the policies and procedures promulgated by the State of Mississippi or any agency thereof and any local governments or political subdivisions thereof that impact the services.
 - 17. The Auditor agrees to indemnify, defend, save and hold harmless the MSPA and OSA from and against all claims, demands, liabilities, suits, damages and costs relating to our services under this agreement that are attributable to or resulted from intentional, deliberate misconduct or actionable gross negligence of the Auditor and/or its partners, principals, agents, employees or subcontractors in the performance of the this contract.
 - 18. This contract shall be construed and governed in accordance with the laws of the State of Mississippi.

19. If any term or provision of this contract is prohibited by the laws of the State of Mississippi or declared invalid or void by a court of competent jurisdiction, the remainder of this contract shall not be affected thereby and each term and provision of the contract shall be valid and enforceable to the fullest extent permitted by law.
20. The Auditor represents that it has not retained a person to solicit or secure a State contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee.
21. The Auditor represents that it has not violated, is not violating, and promises that it will not violate the prohibition against gratuities set forth in Section 7-204 (Gratuities) of the "Mississippi Personal Service Contract Procurement Regulations."
22. The Auditor certifies that the price submitted in response to the solicitation has been arrived at independently and without - for the purpose of restricting competition - any consultation, communication, or agreement with any other bidder or competitor relating to the price, the intention to submit a bid, or the methods or factors used to calculate the price bid.
23. The Auditor certifies to the best of its knowledge and belief, that it and its principals:
 - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by a Federal department or agency;
 - b. Have not within a three-year period preceding this contract been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - c. Are not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in item b. of this certification; and
 - d. Have not within a three-year period preceding this contract had one or more public transactions (Federal, State or local) terminated for cause or default.
24. The Auditor shall, during the entire term of this contract, be construed to be an independent contractor. Nothing in this contract is intended to nor shall be

construed to create an employer-employee relationship, or a joint venture relationship.

The Auditor represents that it is qualified to perform the duties to be performed under this contract and that it has, or will secure, if needed, at its own expense, applicable personnel who are qualified to perform the duties required under this contract. Such personnel shall not be deemed in any way, directly or indirectly, expressly or by implication, to be employees of the MSPA or OSA. Any person assigned by the Auditor to perform the services hereunder shall be the employee of the Auditor, who shall have the sole right to hire and discharge its employee. The Auditor shall pay when due, all salaries and wages of its employees and accepts exclusive responsibility for the payment of federal income tax, state Income tax, social security, unemployment compensation and any other withholdings that may be required.

Neither the Auditor nor employees of the Auditor are entitled to state retirement or leave benefits.

It is further understood that the consideration expressed herein constitutes full and complete compensation for all services and performance hereunder, and that any sum due and payable to the Auditor shall be paid as a gross sum with no withholding or deductions being made by the MSPA for any purpose from said contract sum except as permitted in Paragraph 6(b).

25. Failure of any party hereto to insist upon strict compliance with any of the terms, covenants and conditions hereof shall not be deemed a waiver or relinquishment of any similar right or power hereunder at any subsequent time or of any other provision hereof, nor shall it be construed to be a modification of the terms of the contract.
26. The parties expressly understand that the fulfillment of the payment obligations of the MSPA under this agreement is conditioned upon the availability and receipt of State and Federal funds. In the event that funds are insufficient or otherwise unavailable to satisfy payments due under this agreement, the MSPA shall not be obligated to make such payments, and all further obligations of the MSPA and the Auditor under this agreement shall cease immediately, without penalty, cost or expense to the MSPA or the Auditor of any kind whatsoever. In the event of such insufficiency or unavailability of funding, the MSPA shall promptly notify the Auditor and OSA in writing of such event. The Auditor shall be entitled to payment for services in the amount determined under paragraph 13(c) or the amount of available funds, whichever is less.
27. Contractor shall furnish to MSPA a certificate of insurance naming the State of Mississippi and the Mississippi State Port Authority at Gulfport, its Board of Commissioners, its officers, agents and employees as additional insureds on all policies except Worker's Compensation, and shall provide that the insureds thereon waive subrogation against the State of Mississippi and the said political

subdivisions thereof. The State of Mississippi and the Mississippi State Port Authority at Gulfport shall be named as certificate holders. The certificate shall certify that the Contractor carries the following insurance and at the specified limits:

- a. Workers Compensation Insurance in full compliance with all applicable State and Federal laws and regulations, including a specific endorsement covering liability under the Federal Longshoremen's and Harbor Workers Compensation Insurance if required by the Act. Prior to commencing work Contractor shall provide MSPA a written statement or certificate indicating his compliance with this provision.
 - b. Employer's Liability Insurance in the minimum amount of One Million Dollars (\$1,000,000) for bodily injury by accident, disease, or in the aggregate, covering injury or death to any employee which may be outside the scope of or in addition to liability under any Workers Compensation statute or the Federal Longshoremen's and Harbor Workers Compensation Act.
 - c. Commercial General Liability Insurance covering Contractor's operations pursuant to this Agreement, and anywhere in the Port area, with a minimum limit of One Million Dollars (\$1,000,000) Combined Single Limit or at least Two Million Dollars (\$2,000,000) in the aggregate.
 - d. Automobile Liability Insurance on all vehicles owned or operated by Contractor on Port property, including those which are hired or non-owned and used in the course of Contractor's business, with limits for bodily injury or death of \$500,000 per person and \$1,000,000 per occurrence and for property damage of \$500,000 per occurrence, or a combined single limit of \$1,000,000.
 - e. Errors and Omissions Liability Insurance in the minimum amount of \$1,000,000.
28. Any dispute concerning a question of fact arising under this contract shall be disposed of by good faith negotiation between duly authorized representatives of the MSPA, OSA and the Auditor. Such a resolution shall be reduced to writing and a copy thereof mailed or furnished to the Auditor and shall be final and conclusive. If a resolution cannot be reached, the Auditor shall mail or furnish to the MSPA and OSA a written request for review. The Auditor shall be afforded an opportunity to be heard and to offer evidence in support of his/her/its position on the issue in dispute and under review. The review will be handled under a three (3) person panel for arbitration composed of the Deputy State Auditor, the Director of Technical Assistance and the Director of the Financial and Compliance Audit Division. The decision of the arbitration panel of OSA on the review shall be final and conclusive unless determined by a court of competent jurisdiction in Hinds County, State of Mississippi, to have been fraudulent,

capricious, or so grossly erroneous as necessarily to imply bad faith, or not be supported by substantial evidence. Pending final decision of a dispute hereunder, the Auditor shall proceed diligently with the performance of the duties and obligations of the contract.

29. This contract, including the documents and schedule previously discussed in paragraph 4 and paragraph 8, constitutes the entire agreement of the parties with respect to the subject matter contained herein and supersedes and replaces any and all prior negotiations, understandings and agreements, written or oral, between the parties relating thereto.
30. The Auditor represents and warrants that it will ensure its compliance with the Mississippi Employment Protection Act (Senate Bill 2988 from the 2008 Regular Legislative Session) and will register and participate in the status verification system for all newly hired employees. The term "employee" as used herein means any person that is hired to perform work within the State of Mississippi. As used herein, "status verification system" means the Illegal Immigration Reform and Immigration Responsibility Act of 1996 that is operated by the United States Department of Homeland Security, also known as the E-Verify Program, or any other successor electronic verification system replacing the E-Verify Program. Auditor agrees to maintain records of such compliance and, upon request of the State, to provide a copy of each such verification to the State. Auditor further represents and warrants that any person assigned to perform services hereunder meets the employment eligibility requirements of all immigration laws of the State of Mississippi. Auditor understand and agrees that any breach of these warranties may subject the Auditor to the following: (a) termination of this agreement and ineligibility for any state or public contract in Mississippi for up to three (3) years, with notice of such cancellation/termination being made public, or (b) the loss of any license, permit, certification or other document granted to the Auditor by an MSPA, department or governmental entity for the right to do business in Mississippi for up to one (1) year or (c) both. In the event of such termination/cancellation, the Auditor would also be liable for any additional costs incurred by the State due to contract cancellation or loss of license or permit.
31. In accordance with the Mississippi Accountability and Transparency Act of 2008, Section 27-104-151, et seq., of the Mississippi Code of 1972, as amended, the American Accountability and Transparency Act of 2009 (P.L. 111-5), where applicable, and Section 31-7-13 of the Mississippi Code of 1972, as amended, where applicable, a fully executed copy of this agreement shall be posted to the State of Mississippi's accountability website at: <https://merlin.state.ms.us>.
32. Any notices required or authorized under this contract shall be delivered to the persons at the addresses designated in this paragraph. Each party may change the person and address designated by delivering written notice to the other party. Any notice shall be effective when actually delivered to the designated address.

For MSPA:

Jonathan T. Daniels
Executive Director & CEO
MS State Port Authority at Gulfport
P. O. Box 40
Gulfport, MS 39502
Telephone: (228) 865-4300
Facsimile: (228) 865-4335

For Auditor:

Kim Marmalich, CPA, Cr.FA
Partner
Alexander Van Loon Sloan Levens Favre, LLC
9490 Three Rivers Road
Gulfport, MS 39503
Telephone: (228) 863-0411
Facsimile: (228) 863-1165

For OSA:

Stephanie Palmertree, CPA
Director, Financial and Compliance Division
Mississippi Office of the State Auditor
501 North West Street, Suite 801
Jackson, MS 39201
Phone: (601) 576.2606
Facsimile: (601) 576.2687

In witness whereof this contract has been made and executed hereto in triplicate originals.

SIGNED:


Robert J. Knesal


TITLE: President, Board of Commissioners

MSPA: Mississippi State Port Authority at Gulfport

DATE:

7-27-17

SIGNED:


Kim Marmalich, CPA, Cr.FA

TITLE: Partner

AUDITOR: Alexander, Van Loon, Sloan, Levens, Favre, PLLC

DATE:

SIGNED:


Stephanie Palmertree, CPA

TITLE: Director, Financial & Compliance Audit Division

AUDITOR: Office of the State Auditor

DATE:

9/14/17

AUDIT SERVICES SCHEDULE

Procedure:

The following procedures must be performed by the Auditor after a contract has been awarded:

- * Hold an entrance conference with the Auditor's auditor-in-charge, Internal Audit Staff, Executive Director, and OSA's authorized representatives prior to commencement of any work in order to determine the scope of services, and other related factors. A copy of the engagement letter should be forwarded to OSA's authorized representative.
- * Hold an entrance conference with all Deputy Directors and key department heads (giving prior notice to OSA's authorized representatives so that OSA may have an opportunity to participate).
- * If applicable, perform certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
- * Provide a copy of the Auditor's most recent peer review report, as required by *Government Auditing Standards*.

The Auditor shall perform the following procedures at the request of OSA.

- * Read and provide comments on the June 30, 2017, 2018 and 2019 GAAP financial statements and reporting packages and underlying records (including grant activity schedules) prepared by the MSPA for completeness and accuracy for inclusion in the State of Mississippi's *Comprehensive Annual Financial Report* and the *Single Audit Report*.
- * Changes to the grant activity schedules will be made in accordance with OSA instructions.
- * Complete audit reports on the fair presentation of MSPA funds and the schedule of expenditures of federal awards in conformity with generally accepted accounting principles.
- * For major programs CFDA # 97.036 Disaster Grants - Public Assistance and CFDA # 14.228 CDBG Grant selected for audit, prepare program-specific audit reports on compliance with requirements applicable to each major federal program and internal control over compliance in accordance with OMB Circular A-133. It is understood that these funds are received as federal funds transferred in from other state agencies.
- * Review the MSPA prepared Summary Schedule of Prior Year Findings for applicability of responses, if applicable.

- * Prepare a letter to management on suggestions for improvement in internal control and instances of noncompliance.
- * Conduct an exit conference upon giving prior notice to OSA.
- * Obtain a plan of corrective action from the MSPA in accordance with instructions provided by OSA.
- * Submit to OSA a letter of representation.

Following the completion of the audit, the Auditor shall issue:

- * *A Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards* (GAGAS report), on the Auditor's consideration of internal control over financial reporting and tests of compliance made as part of its audit of the financial statements. Management of the MSPA is responsible for providing the Auditor with written responses in accordance with *Government Auditing Standards* to the findings included in the GAGAS report within 30 days of being provided with draft findings. If such information is not provided on a timely basis prior to release of the report, the GAGAS report will indicate the status of management's responses.

While the objective of the Auditor's audit of the financial statements is not to report on the MSPA's internal control over financial reporting and the Auditor is not obligated to search for material weaknesses or significant deficiencies as part of its audit of the financial statements, this report will include any material weaknesses and significant deficiencies to the extent they come to our attention. This report will also include instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the financial statements or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives; or abuse that is material, either quantitatively or qualitatively. The report will describe its purpose and will state that it is not suitable for any other purpose.

- * *A Report on Compliance With Requirements That Could Have a Direct and Material Effect on the Federal Program and on Internal Control Over Compliance in Accordance With the Program-Specific Audit Option Under OMB Circular A-133.*

In the required audit report on compliance and on internal control over financial reporting, the Auditor shall communicate material instances of noncompliance and any significant deficiencies found during the audit.

Significant deficiencies that are also material weaknesses shall be identified as such in the report. Deficiencies that were not considered significant enough to be communicated as significant deficiencies shall be reported in a separate letter to management, which shall be referred to in the report on internal controls.

In the required audit report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133, the Auditor shall communicate the following:

- Significant deficiencies in internal control over major programs.
- Significant deficiencies that are also material weaknesses.
- Material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program.
- Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program.
- Instances where the results of audit follow-up procedures disclosed that the Summary Schedule of Prior Year Findings prepared by the MSPA materially misrepresents the status of any prior year audit finding.

Deficiencies that were not considered significant enough to be communicated as significant deficiencies and noncompliance that is less than \$10,000, shall be reported in a separate letter to management, which shall be referred to in the report on compliance and internal control over compliance.

Upon receipt of the final audit reports the OSA will:

- * review the reports,
- * approve or reject the reports,
- * approve or reject final payment for services rendered.

Upon completion of the audit services, the required reports should be submitted to OSA's authorized representatives in accordance with the contractual provisions. All final documentation of services shall be submitted no later than the date specified.

MSPA's Authorized Representatives:

- * Jonathan T. Daniels
Executive Director & CEO
MS State Port Authority at Gulfport
P.O. Box 40
Gulfport, MS 39502
Phone: (228) 865-4300

- * Deborah M. Wood, CPA
Chief Financial Officer
MS State Port Authority at Gulfport
P.O. Box 40
Gulfport, MS 39502
Phone: (228) 865-4300

State Auditor's Authorized Representatives:

The State Auditor has empowered the following to act as his duly authorized representative:

- * Stephanie Palmertree, CPA
Director, Financial and Compliance Division
Mississippi Office of the State Auditor
501 North West Street, Suite 801
Jackson, MS 39201
Phone: (601) 576-2606
Facsimile: (601) 576-2687

Legal Compliance Provision:

Any preliminary finding of possible fraud, misapplication or misappropriation of funds shall be immediately reported in writing to the Executive Director and OSA's authorized representative. Notwithstanding anything herein to the contrary, nothing shall prevent the Auditor from reporting such findings to the appropriate persons in accordance with professional standards.

If the Auditor is required to give advice, testimony or other such activity not within the scope of rendering, auditing or justifying a report of audit services rendered, such arrangements shall be set forth in a separate engagement letter.

ATTACHMENT T – AGENCY AUDIT INFORMATION

Mississippi State Port Authority at Gulfport For the Fiscal Year Ending June 30, 2017

ACCOUNT NO.	ACCOUNT NAME
All Accounts	N/A

FEDERAL PROGRAM	CFDA #	PROGRAM/CLUSTER NAME
Disaster Grants	97.036	Disaster Grants/ Public Assistance
CDBG Grant	14.228	CDBG Grant

Schedule of Due Dates

Fund Type	Date Working Papers Adjustments and Conclusions Due to SAO
General Fund adjustments	October 31, 2017
Financial Statement Audit Reports	November 15, 2017
Program-specific audits of selected federal programs, if applicable	December 31, 2017

