

**CONTRACT FOR PROFESSIONAL SERVICES  
FOR AUDIT OF COMPONENT UNIT**

This document reflects a contractual agreement entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ among the Office of the State Auditor, \_\_\_\_\_, a component unit of \_\_\_\_\_ County, Mississippi (herein referred to as the "Component Unit") and \_\_\_\_\_ (herein referred to as the "Firm") to provide services, materials and personnel to perform the work as specified in paragraph 1.

Scope of Services

1. The Component Unit and the Office of the State Auditor desire to engage the Firm to render the following professional audit services for the Component Unit for the 20\_\_-20\_\_ and 20\_\_-20\_\_ fiscal years:
  - A. Perform an audit of the financial statements of the Component Unit.
  - B. Perform a compliance audit with applicable state and federal laws and regulations.
  - C. Perform Items A and B above in conformity with professional standards, laws, rules, regulations and guidelines as contained in, but not limited to, the documents identified in paragraph 4 of this contract.

Authorized Representatives

2. The following people have been empowered to act as the duly authorized representatives for this contract:

Office of the State Auditor

Name: Stephanie C. Palmertree, CPA, CGMA  
 Title: Director, Financial and Compliance Audits  
 Address: P. O. Box 956, Jackson, MS 39205

\_\_\_\_\_, a component unit of \_\_\_\_\_  
County, Mississippi

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

Title: \_\_\_\_\_

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

\_\_\_\_\_ CPA Firm

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

Title: \_\_\_\_\_

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

**Notices** All notices required or permitted to be given under this Contract must be in writing and personally delivered or sent by facsimile provided that the original of such notice is sent by certified United States mail postage prepaid, return receipt requested, or overnight courier with signed receipt, to the party to whom this

notice should be given as indicated above. Notice shall be deemed given when actually received or when refused. The parties agree to promptly notify each other in writing of any change of address.

Contract Fee Consideration

3. The Firm shall receive as compensation to be paid by the Component Unit for the described auditing services a fee not to exceed:

\$ \_\_\_\_\_ for the audit for the 20\_\_-20\_\_ fiscal year.

\$ \_\_\_\_\_ for the audit for the 20\_\_-20\_\_ fiscal year.

The said fee is based on:

\_\_\_\_\_ hours at \$ \_\_\_\_\_ per hour for the 20\_\_-20\_\_ fiscal year audit.

\_\_\_\_\_ hours at \$ \_\_\_\_\_ per hour for the 20\_\_-20\_\_ fiscal year audit.

The Firm shall not receive as compensation an amount greater than the actual hours worked multiplied by the rate per hour for the applicable fiscal year. The Firm will receive no more than the agreed upon compensation no matter the number of hours worked except as provided in paragraph 16.

Compliance with Laws and Professional Standards

4. The professional services will be performed in conformity with the following, if applicable:
- A. Generally accepted auditing standards and the industry audit guide, Audits of State and Local Governmental Units, established by the American Institute of Certified Public Accountants.
  - B. Statements of financial accounting standards as prescribed by the Financial Accounting Standards Board and the Governmental Accounting Standards Board.
  - C. Government Auditing Standards, as required by the U.S. Government Accountability Office (The Yellow Book).
  - D. OMB Circular A-133, Compliance Supplement and other related OMB Circulars.
  - E. The Single Audit Act Amendments of 1996.
  - F. Mississippi Code Annotated (1972) for compliance with applicable state laws.

Reportable Findings

5. The Firm shall report immediately to the Component Unit and the Office of the State Auditor any preliminary findings of possible fraud, misapplication or misappropriation of funds.

Termination of Contract

6. The Component Unit, with the written consent of the Office of the State Auditor, has the right to reject any work not meeting the terms of this contract. Should either reject any services, the Component Unit's or the Office of the State Auditor's authorized representative shall notify the Firm in writing of such rejection giving reason therefore. The right to reject services shall extend throughout the terms of this contract. However, prior to termination of this contract by the Component Unit, the Component Unit must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The Component Unit must obtain written approval from the Office of the State Auditor prior to terminating the contract.

Responsibility of Firm to Distribute Audit Report

7. If a Single Audit, the Firm shall provide three (3) copies of the completed signed report to the Office of the State Auditor within thirty (30) days of release to the Component Unit. If a Single Audit, the Data Collection Form (Form SF-SAC) and one copy of the approved Single Audit reporting package, as required by Section .320 of OMB Circular A-133 should be filed electronically with the Federal Audit Clearinghouse. Instructions for the filing may be accessed at <http://harvester.census.gov/fac/index.html>.

The records shall be maintained for at least five (5) years; however if any litigation or other legal action 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.

Engagement Letter

8. The Firm should provide an engagement letter for the audit which contains the price quote.

Progress Reports

9. The Firm shall keep on file monthly progress reports which detail the work completed during the month and shall make these reports available to the Component Unit and/or the Office of the State Auditor for review, if requested.

Payment

10. The Firm will be entitled to interim payments, which shall not exceed 70% of the contract amount for the applicable fiscal year, from the Component Unit. The Firm shall submit a final invoice for all work performed. This invoice shall provide the number of hours worked by each employee. The final payment of the annual contract amount will be paid by the Component Unit upon completion of the audit services.

Approval

11. The authorized representative of the Office of the State Auditor is empowered to accept and approve, or reject the services furnished by the Firm in compliance with the provisions of this contract and the attached schedule. No payment, including final payment, shall be construed as acceptance of defective or incomplete work and the Firm shall remain responsible and liable for full performance.

Contract Expiration

12. The contract shall expire 120 days after the final services have been rendered.

Ownership of Documents and Work Papers Upon Termination of Contract

13. The work papers remain the property of the Firm. All other files, notes, correspondence and all other data compiled during the audit shall be available without cost to the Component Unit and the Office of the State Auditor for examination and abstracting during normal business hours of any business day. The records shall be maintained for at least five (5) years as required in paragraph 7 of this contract. If, through any cause, the Firm shall fail to fulfill in a timely and proper manner, as determined by the Component Unit and/or the Office of the State Auditor, its obligations under this contract, or if the Firm shall violate any of the covenants, agreements, or stipulations of this contract, the Component Unit, with the written consent of the Office of the State Auditor, shall thereupon have the right to terminate this contract by giving written notice to the Firm of such termination and specifying the effective date of such termination. However, prior to termination of this contract by the Component Unit, the Component Unit must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The Component Unit must obtain written approval from the Office of the State Auditor prior to terminating the contract. Furthermore, the Firm should notify the Office of the State Auditor and the Component Unit as soon as possible if the deadlines cannot be met.

In the event the contract is terminated, the Firm will provide reasonable assistance to successor auditors in accordance with the applicable professional standards.

Contract Termination Compensation

14. The Component Unit, with the written consent of the Office of the State Auditor, may terminate this contract at any time, for any reason other than those reasons contained in paragraph 13 above, by giving written notice to the Firm of such termination and specifying the effective date thereof, at least ten days before the effective date of such termination. However, prior to termination of this contract by the Component Unit, the Component Unit must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The Component Unit must obtain written approval from the Office of the State Auditor prior to terminating the contract. In the event the contract is terminated, the Firm will provide reasonable assistance to successor auditors in accordance with the applicable professional standards. If the contract is terminated by the Component Unit and/or the Office of the State Auditor as provided herein, the Firm will be paid an amount which bears the same ratio to the total services of the Firm covered by the contract as supported by detailed invoices submitted to the Component Unit by the Firm identifying hours worked on the contract.

Termination of Contract

15. In the event the Component Unit and/or the Office of the State Auditor exercises its right to terminate this contract pursuant to paragraph 6 and/or paragraph 13 of this contract, the Firm shall bear all costs associated with the issuance of a new contract. However, prior to termination of this contract by the Component Unit, the Component Unit must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The Component Unit must obtain written approval from the Office of the State Auditor prior to terminating the contract. Also, the Firm shall notify the Component Unit and the Office of the State Auditor of any potential conflict of interest resulting from service to other clients. If such conflict cannot be resolved to the Component Unit's satisfaction, the Component Unit reserves the right to terminate this contract with the written consent of the Office of the State Auditor.

Modification or Renegotiation

16. The Component Unit, Office of the State Auditor, or the Firm may request changes in the scope of services to be performed by the Firm. Such changes, including any increase or decrease in the amount of the Firm's compensation, which are mutually agreed upon by and between the Component Unit, or its duly authorized representative, and the Firm, shall be included in written amendments to this contract and subject to approval by the Office of the State Auditor.

Contractor Requirements

17. The Firm 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 Firm 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 Component Unit.

Any person assigned by the Firm to perform the services hereunder shall be an employee or a subcontractor of the Firm who shall have the sole right to hire and discharge its employees or subcontractors.

The Firm or its subcontractors shall pay, when due, all salaries and wages of their employees and accepts exclusive responsibility for the payment of federal income tax, social security, unemployment compensation and any other withholdings that may be required.

Neither the Firm, its subcontractors nor their employees 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 Firm shall be paid as a gross sum with no withholdings or deductions being made by the Component Unit for any purpose from said contract sum, except as permitted in paragraphs 13 and 14.

Indemnification: To the fullest extent allowed by law, the Firm shall indemnify, defend, save and hold harmless, protect, and exonerate the Component Unit, its officers, employees, agents and representatives, and the State of Mississippi from and against all claims, demands, liabilities, suits, actions, damages, losses and costs of every kind and nature whatsoever, including, without limitation, court costs, investigative fees and expenses, and attorneys' fees, and claims for damage arising out of or caused by the firm and/or its partners, principals, agents, employees and/or subcontractors in the performance of or failure to perform this Contract.

Third Party Action Notification: The Firm shall notify the Component Unit in writing within five (5) business days of its receipt of liquidation or receivership proceedings or within five (5) business days of its receipt of notification of any action or suit being filed or any claim being made against the Firm or the Component Unit by any entity that may result in litigation related in any way to this Contract and/or which may affect the Firm's performance under this Contract. Failure of the Firm to provide such written notice to the Component Unit shall be considered a material breach of this Contract and the Component Unit may, at its sole discretion, pursue its rights as set forth in the Termination clauses herein and any other remedies it may have at law or in equity.

#### Confidential Information

18. The Firm will be granted access to all client and claimant information necessary for completion of the audit services described herein. The Firm and the Office of the State Auditor assure the Component Unit that any and all information regarding clients and claimants of the Component Unit will be kept strictly confidential. Any use or release of client or claimant information for purposes other than to fulfill the Firm's or the Office of the State Auditor's responsibilities under this contract must have the prior written approval of the Component Unit.

#### Contract Governance

19. This contract shall be construed and governed in accordance with the laws of the State of Mississippi, and venue for the resolution of any dispute shall be Jackson, Hinds County, Mississippi. The Firm expressly agrees that under no circumstances shall the Office of the State Auditor and/or the Component Unit be obligated to pay an attorney's fee or the cost of legal action to the Firm.

#### Disputes and Arbitration

20. 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 Component Unit, the Office of the State Auditor, and the Firm. Such a resolution shall be reduced to writing and a copy thereof mailed or furnished to the Firm and shall be final and conclusive. If a resolution cannot be reached, the Firm shall mail or furnish to the Board of Directors of the Component Unit and the Office of the State Auditor a written request for review. The Firm 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 the Office of the State Auditor 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 Firm shall proceed diligently with the performance of the duties and obligations of the contract.

Compliance with Laws

21. The Firm shall comply with all applicable laws, regulations, policies and procedures, and grant requirements (if applicable) 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. Specifically, but not limited to, the Firm shall not discriminate against any employee nor shall any party be subject to discrimination in the performance of this contract because of race, creed, color, sex, age, national origin or disability.

Change in Scope of Work

22. Modification, changes or amendments to this contract may be made upon mutual agreement of the parties hereto. However, any change, supplement, modification or amendment of any term, provision or condition of this contract must be in writing and signed by all parties hereto.

Assignment

23. The Firm shall not assign or otherwise transfer the obligation incurred on its part pursuant to the terms of this contract without the prior written consent of the Component Unit and the Office of the State Auditor. Any attempted assignment or transfer of its obligations without such consent shall be null and void. All obligations and duties of either party under this contract shall be binding on all successors in interest or assigns of such party.

Failure to Enforce

24. 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 this contract.

Availability of Funds

25. It is expressly understood by the parties hereto that the fulfillment of the obligations of the Component Unit under this agreement is conditioned upon the availability and receipt of funds. In the event that funds are insufficient or otherwise unavailable to satisfy payment due under this agreement, the Component Unit shall not be obligated to make such payments, and all further obligations of the Component Unit under this agreement shall cease immediately, without penalty, cost or expense to the Component Unit of any kind whatsoever. In the event of such insufficiency or unavailability of funding, the Component Unit shall notify the Firm in writing, of such event, and this agreement shall be void.

Insurance Requirements

26. Firm represents that it will maintain workers' compensation insurance, if applicable, which shall inure to the benefit of all Firm's personnel provided hereunder, comprehensive general liability or professional liability insurance, and where applicable, employee fidelity bond insurance.

Severability

27. 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 this contract shall be valid and enforceable to the fullest extent permitted by law.

Entire Agreement

28. This contract 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.

Address Changes

29. The parties agree to promptly notify each other of any change of address.

Employee Status Verification System

30. Firm 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. Firm agrees to maintain records of such compliance and, upon request of the State, to provide a copy of each such verification to the State. Firm 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. Firm understands and agrees that any breach of these warranties may subject Firm to the following: (a) termination of the 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 firm by an agency, 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, Firm would also be liable for any additional costs incurred by the State due to contract cancellation or loss of license or permit.”

Representation Regarding Contingent Fees

31. The Firm 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, except as disclosed in the contractor’s bid or proposal (if applicable).

Representation Regarding Gratuities

32. The Firm 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.”

Certification of Independent Price Determination

33. The Firm 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.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions

34. The Firm 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 any 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.

Whistleblower Protection

35. Section 1553 of Division A, Title XV of the American Recovery and Reinvestment Act of 2009, P.L. 111-5, provides protections for certain individuals who make specified disclosures relating to Recovery Act funds. Any non-federal employer receiving recovery funds is required to post a notice of the rights and remedies provided under this section of the Act.

Reporting Requirements

36. The firm is notified that this contract may be paid in full or part with American Recovery and Reinvestment Act of 2009 (hereinafter, “ARRA”) Funds. The Firm shall ensure that all subcontracts and other contracts for goods and services for an ARRA-funded project have the mandated provisions of this directive in their contracts. Pursuant to Title XV, Section 1512 of the ARRA, the Agency shall require that the contractor provide reports and other employment information as evidence to document the number of jobs created or jobs retained by this contract from the Firm’s own workforce and any subcontractors. No direct payment will be made for providing said reports, as the cost for same shall be included in the various items in the contract.

Required Contract Provision to Implement ARRA Section 902

37. Section 902 of the ARRA requires that each contract awarded using ARRA funds must include a provision that provides the U.S. Comptroller General and his representatives with the authority to:
- A. Examine any records of the Firm or any of its subcontractors, or any State or local agency administering such contract, that directly pertain to, and involve transactions relating to, the contract or subcontract; and
  - B. Interview any officer or employee of the firm or any of its subcontractors, or of any State or local government agency administering the contract, regarding such transactions.

Accordingly, the Comptroller General and his representatives shall have the authority and rights prescribed under Section 902 of the ARRA with respect to contracts funded with recovery funds made available under the ARRA. Section 902 further states that nothing in 902 shall be interpreted to limit or restrict in any way any existing authority of the Comptroller General.

Authority of the Inspector General Provision

38. Section 1515(a) of the ARRA provides authority for any representatives of the United States Inspector General to examine any records or interview any employee or officers working on this contract. The Firm is advised that representatives of the Inspector General have the authority to examine any record and interview any employee or officer of the Firm, its subcontractors or other firms working on this contract. Section 1515(b) further provides that nothing in this section shall be interpreted to limit or restrict in any way any existing authority of an Inspector General.

Availability and Use of Funds

39. The Firm understands and acknowledges that any and all payment of funds or the continuation thereof is contingent upon funds provided solely by ARRA or required state matching funds. Pursuant to Section 1604 of the ARRA, contractors agree not to undertake or make progress toward any activity using recovery funds that will



lead to the development of such activity as casinos or other gambling establishments, aquariums, zoos, golf courses, swimming pools or any other activity specifically prohibited by the Recovery Act.

Federal, State and Local Tax Obligations

40. The Firm asserts and self-certifies that all Federal, State and local tax obligations have been or will be satisfied prior to receiving recovery funds.

Anti-Discrimination and Equal Opportunity

41. Pursuant to Section 1.7 of the guidance memorandum issued by the United States Office of Management and Budget on April 3, 2009, ARRA Recovery funds must be distributed in accordance with all anti-discrimination and equal opportunity statutes, regulations, and Executive Orders pertaining to the expenditure of funds.

Additional Requirements

The Firm agrees to comply with additional requirements imposed by ARRA regulations upon notification.

In witness of where this contract has been entered into and executed by the parties hereto in triplicate originals.

**COMPONENT UNIT REPRESENTATIVE**

COMPONENT UNIT: \_\_\_\_\_

SIGNED: \_\_\_\_\_

WITNESS: \_\_\_\_\_

TITLE: Chairman, Board of Directors

DATE: \_\_\_\_\_

SIGNED: \_\_\_\_\_

WITNESS: \_\_\_\_\_

TITLE: President

DATE: \_\_\_\_\_

**FIRM REPRESENTATIVE**

CPA FIRM: \_\_\_\_\_

SIGNED: \_\_\_\_\_ WITNESS: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**OFFICE OF THE STATE AUDITOR**

SIGNED: \_\_\_\_\_ WITNESS: \_\_\_\_\_

TITLE: Director, Financial and Compliance Audits

DATE: \_\_\_\_\_