



Contract No.: 762-9434

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**Agreement to Supply:** FINANCIAL AUDIT SERVICES

This agreement, made and entered into this the \_\_\_\_\_ day of \_\_\_\_\_, 2006, is by and between the CITY OF

FORT LAUDERDALE, a Florida municipality, City Hall, 100 North Andrews Avenue, Fort Lauderdale, FL 33301, hereinafter called the "City" and  
Name of CONTRACTOR: Ernst & Young LLP

Address: 100 NE 3 Avenue, Suite 700 City: Fort Lauderdale State: FL Zip: \_\_\_\_\_

A Corporation  A Partnership  An Individual  Other: Limited Liability Partnership

authorized to do business in the State of Florida, hereinafter called the "Company" or "Contractor." Witnesseth that: Whereas, the City did advertise and issue a Request for Proposal (RFP) for supplying the requirements of the City for the items and/or service listed above for a period of five (5) years with three (3), one (1) year contract extension options and the Contractor submitted a proposal that was accepted and approved by the City.

Formal authorization of this contract was adopted by the City Commission on: July 6, 2006 Pur-12

Now, therefore, for and in consideration of the premises and the mutual covenants herein contained, the parties covenant and agree as follows:

1. The Company agrees to sell to the City and the City agrees to buy from the Company, during the period beginning 10/01/06 and ending 09/30/11 for the requirements listed above and according to the following specifications, terms, covenants and conditions:

a. The Request for Proposal containing General Conditions, Special Conditions, Specifications, addenda, if any, and other attachments forming a part of RFP Number 762-9434, the Contractor's proposal in response, and the Engagement Letter dated August 15, 2006, form a part of this contract and by reference are made a part hereof.

b. In construing the rights and obligations between the parties, the order of priority in cases of conflict between the documents shall be as follows:  
1) This contract Form G-110, Rev. 12/00  
2) Engagement Letter dated August 15, 2006  
3) The City's RFP and all addenda thereto  
4) Contractor's proposal in response to the City's RFP

c. **Warranty:** The Company by executing this contract embodying the terms herein warrants that the product and/or service that is supplied to the City shall remain fully in accord with the specifications and be of the highest quality. In the event any product and/or service as supplied to the City is found to be defective or does not conform to specifications the City reserves the right to cancel that order upon written notice to the Contractor and to adjust billing accordingly.

d. **Cancellation:** The City may cancel this contract upon notice in writing should the Contractor fail to reasonably perform the service of furnishing the products and/or services as specified herein upon 30 days written notice. This applies to all items of goods or services.

e. **Taxes Exempt:** State Sales (#16-03-196479-54C) and Federal Excise (#59-600319) Taxes are normally exempt, however, certain transactions are taxable. Consult your tax practitioner for guidance where necessary.

f. **Invoicing:** Contractor will forward all invoices in duplicate for payment to the following: Finance Department, 100 N. Andrews Avenue, 6th Floor, Fort Lauderdale, FL 33301. If discount, other than prompt payment terms applies, such discount MUST appear on the invoice.

2. **Contract Special Conditions:** The following special conditions are made a part of and modify the standard provisions contained in this contract Form-G-110.

3. **Contract Summary:**

a. Attachments:

Ernst & Young's response to the RFP, a copy of the RFP document, and Engagement Letter dated August 15, 2006.

b. Payment Terms:

Per RFP

c. Delivery:

Per RFP

d. Insurance:

Yes

No

e. Performance Bond/Letter of Credit:

Yes

No

f. Procurement Specialist's Initials:

MW

4. **Contractor's Phone Numbers:**

Office: 954-888-8013

Mobile:

5. **Contractor's Fax Number:**

954-888-8180

6. **Contractor's E-Mail Address:**

tom.brady@ey.com

Website: www.ey.com

City of Fort Lauderdale

By:

Director of Procurement Services (City Manager's Designee)

Auth: Sec. 2-180(8) of Code and Procurement Memo No. 04-03

Date:

Assistant City Attorney (approved as to form)

Date:

Contractor/Vendor

THOMAS J. BRADLEY

Name of Company Officer (please type or print)

By:

Authorized Officer's Signature

Title:

PARTNER

Date:

11-28-06

Joy A. Mathis

Secretary (please type or print)

Attest:

Signature of Secretary

CONTRACT  
COPY

City of Fort Lauderdale, Florida

Proposal to Provide Professional Financial Audit Services

**Proposer:**

Ernst & Young LLP  
100 Northeast Third Avenue  
Suite 700  
Fort Lauderdale, Florida 33301  
Phone: (954) 888-8000

**Contact:**

Thomas J. Bradley, CPA  
Coordinating Partner  
(954) 888-8013

**Subcontractor:**

C Borders-Byrd, CPA LLC  
Accountants and Consultants  
101 Northeast Third Avenue  
Suite 1500  
Fort Lauderdale, FL 33301  
Phone: (954) 742-7997

May 24, 2006

ORIGINAL  
BID



 **ERNST & YOUNG**  
Quality In Everything We Do

May 24, 2006

Auditor Selection Committee  
City of Fort Lauderdale  
Procurement Services Department  
Room 619  
100 N. Andrews Avenue  
Fort Lauderdale, FL 33301

Dear Members of the Auditor Selection Committee:

We appreciate the opportunity to respond to your request for proposal to provide professional financial audit services to the City of Fort Lauderdale (the City). The City is an important and valuable client of our firm! Over the last four years, Ernst & Young has had a valuable and productive relationship with the City, and we have a strong interest in continuing to work with you and contribute to the City's future success. We believe that of all the firms, Ernst & Young is uniquely qualified and best suited to continue serving the City in addressing your financial risks and achieving your business objectives for a number of reasons, including the following:

- We offer an experienced, responsive local team that knows the City. As a result of serving the City for the past four years, we fully understand your challenges and will continue to proactively work with you to successfully address your issues. We have already demonstrated to you through prior projects that we are very knowledgeable of your key business objectives and responsive to your needs. Each member of our team brings a wealth of financial audit technical knowledge, and government service experience to this engagement. A competitive advantage for us and a significant benefit to you are our local audit team members who have served you for the last four years. Tom Bradley, your coordinating partner, Alyson Silva, engagement senior manager, and Patrice Jones, manager, know the details of the City, as well as your people and culture. No other firm can make this claim.
- A proven track record of quality service to the City. Ernst & Young is proud of our record for providing proactive advice and quality services related to important accounting and reporting matters to the City. In our renewed relationship with the City, we commit to providing you with the same level of quality audit and outstanding client service that you have come to expect from us.
- No learning curve, no disruption of service, no time lost or costs associated with changing auditors. We are familiar with the City's operations, objectives, and timelines. As demonstrated over the last four years, Ernst & Young has a full understanding and an appropriate audit focus on the key accounting issues facing the City. Our institutional knowledge of the City puts us ahead of our competition, making us the clear choice for the City. In retaining Ernst & Young as your auditors, the City will not incur costs associated with switching auditors or experience any disruptions in service associated with an auditor transition. With Ernst & Young continuing to serve as your auditor, the pace of your operations will not be slowed as in the case of another service provider playing "catch-up." In fact, we would have a jump-start on your 2006 audit. As such, we are in the best position to continue delivering seamless service with no interruption or additional cost to the City.

- The largest government practice of any Big Four firm. Ernst & Young is a leader in serving government and public sector clients. In Florida, we serve six of the largest counties, three of the largest cities, and 11 of the largest school districts. Nationally, we work with more than 2,000 public sector and not-for-profit entities. Our professionals have years of experience with the systems, programs, and issues that are unique to your sector. Our dominant position within the government and public sector arena along with our current knowledge of the City provide unparalleled benefits to the City that cannot be matched by any other firm. We will continue to leverage our knowledge and our firm's extensive resources to help the City stay abreast of regulatory changes affecting your industry both today and moving forward. For example, we are utilizing our extensive knowledge of GASB Statements No. 43 and 45 (Other Post Employment Benefits) to assist many of our clients with implementation of these comprehensive new standards.
- Teaming with local firms. Ernst & Young's commitment to this engagement extends beyond our firm to our subcontractor firm. We will be subcontracting with C Borders-Byrd, CPA LLC, Accountants and Consultants, a recently formed woman-owned minority business on this engagement to help support the growth and success of this business. Cynthia Borders-Byrd served as an Audit Senior Manager with Ernst & Young for many years before starting her own business. Cynthia has served a number of government and public sector clients, including the City of Fort Lauderdale. As a result, she has extensive experience serving various segments of the City as well as other public sector clients and has worked closely with your Ernst & Young team members in the past. The firm will be integrated into our engagement team and will provide approximately 20% of the audit effort. We chose to work with C Borders-Byrd, CPA LLC, Accountants and Consultants, which is located only a block away from the City, because of their knowledge and experience in working with the City as well as their past experience working with Ernst & Young's audit methodology and service approach.
- We are committed to your success. As you conduct your RFP process, each firm you interview will talk about the features it brings to the table. They might describe the benefits of a "fresh look" at your operations. However, you have witnessed first-hand the quality of Ernst & Young's work in serving the City. For example, you have read the management letters we have issued, which continue to provide extensive, substantive recommendations to improve the City's operations and internal controls. We believe that the benefits of continuing your relationship with Ernst & Young far outweigh the potential risks and costs associated with changing auditors. Most important, we have made significant investment in the City, and we are committed to the continued success of our relationship. We fully understand the services requested and are able and willing to commit and maintain staffing, both number and level, to successfully conclude the audit services within the time constraints outlined in your RFP.

On behalf of Ernst & Young and our team to serve you, I look forward to continuing to provide financial audit services to the City and participating in the City's future growth and success. I am authorized to represent Ernst & Young LLP. Please feel free to contact me at (954) 888-8013 with any questions you may have regarding our proposal.

Sincerely,



Tom Bradley  
Partner

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# Part I — Expertise and Experience

## A. GENERAL REQUIREMENTS

We have prepared our proposal to be responsive to the general requirements and format proscribed in the City's request for proposal. For your reference, we have included the following section to reference each requirement used in the evaluation process to the related principal pages where we have addressed each requirement.

1. Expertise and Experience
  - a. The firm's local office, or office designated to do the work, past experience and performance on comparable government engagements. See pages 3-4, and 6-12.
  - b. The firm's national expertise and experience in local governmental auditing. See pages 3-6, and 8-12.
  - c. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation. See pages 14-23, and 43-44.
  - d. The firm making available continuing professional education opportunities for staff of the City's Financial Departments by sharing in-house or local training opportunities. See pages 12 and 24.
  - e. Client references. See page 29.
  - f. The sufficiency of resources to perform the contract. See page 4.
2. Audit Approach
  - a. Adequacy of proposed staffing plan for various segments of the local engagement. See pages 30-38.
  - b. Adequacy of analytical procedures used in risk assessment. See pages 39-40.
  - c. Assessment of firm's ability to meet prescribed report publication date. See page 30.
3. Cost to the City. See page 46.

# Part I — Expertise and Experience

Our subcontractor Partner, C Borders-Byrd, CPA LLC, is a limited liability company properly registered and licensed by the State of Florida. C Borders-Byrd, CPA LLC is a firm of certified public accountants, and all members of the team assigned to this engagement are properly licensed to practice in Florida. Cynthia Borders-Byrd, managing member, has been licensed to practice public accounting in the State of Florida for over 20 years. The firm's license number with the Florida Department of Professional Regulation is AD-64330.

## D. FIRM QUALIFICATIONS AND EXPERIENCE

*The proposal should state the size of the firm, the size of the firm's governmental staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.*

*If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.*

The City will be served primarily by Ernst & Young's Fort Lauderdale practice located at the following address:

100 Northeast Third Avenue  
Suite 700  
Fort Lauderdale, Florida 33301  
Phone: (954) 888-8000

Tom Bradley, Coordinating Partner, and Patrice Jones, Audit Manager, are both based in our Fort Lauderdale office. Alyson Silva, Audit Senior Manager is based in our West Palm Beach office but frequently works out of our Fort Lauderdale office. Additionally, the senior and staff assigned to the City's audit will also be based out of the Fort Lauderdale office.

Ernst & Young will be teaming with Cynthia Borders-Byrd, a Partner, at C Borders-Byrd CPA LLC, Accountants and Consultants, a woman-owned minority subcontractor, located only a block away from the City. More information about C Borders-Byrd, CPA LLC is included in our cover letter and also on pages 22, 23, 26 and 27.

### **About Ernst & Young**

Ernst & Young is a global organization with over 100,000 professionals located in 700 cities in 140 countries, and revenues in excess of \$16 billion. Over the past several years, we have focused on successfully transforming our firm into a streamlined, integrated global structure, and we have implemented a global strategy that is centered on a vision of delivering consistent service and quality to our clients. As a global organization, Ernst & Young has the breadth and depth of resources to do business wherever our clients conduct their business.

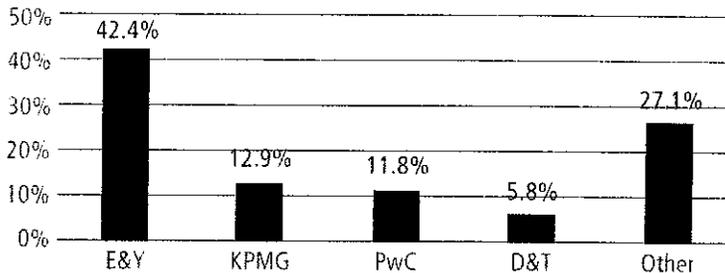
# Part I — Expertise and Experience

The senior and staff assigned to the City's engagement would be at the City on a daily basis during the scheduled fieldwork dates. The engagement executives will maintain daily contact with the senior and staff and will be on site at the City on a regular basis during our fieldwork.

## Ernst & Young's Government Experience

Among the Big Four firms, Ernst & Young has the largest public sector practice. We serve more government and not-for-profit clients than any other firm. Nationally, we have over 2,500 professionals with experience serving these clients.

Ames Research Group Big Four Market Share for Government, Public Sector, and Nonprofit Industries.



## National Public Sector Leadership and Experience

Ernst & Young has one of the largest public sector practices in the profession. Our public sector practice comprises professionals skilled in the auditing, accounting, and budgeting methods, systems, and controls that today's government clients need.

Nationally, we serve more than 2,000 public sector and not-for-profit clients. Our professionals have decades of experience with the systems, programs, and issues facing the public sector. Several of our professionals are former policy makers or senior executives or served as department heads within the government sector. Our public sector professionals keep close tabs on the industry they serve through a variety of professional networks, to ensure they deliver current, relevant advice to our clients. They also work closely with standard-setting and professional organizations, including the following:

- Governmental Accounting Standards Board
- Government Finance Officers' Association (GFOA)
- National Association of State Auditors, Comptrollers, and Treasurers
- Council of State Governments
- Association of Government Accountants
- Intergovernmental Audit Forum
- Joint Financial Management Improvement Program
- Other professional public sector organizations

# Part I — Expertise and Experience

## Selected Florida Government Clients Recently Served

Services Provided	Annual Audit	A-133 Reports	GFOA Cert.	Bond Services	Arbitrage Rebate	Actuarial Services	IT Advisory	Various Acctg. Services
<b>COUNTIES</b>								
Broward	X	X	X	X	X	X		X
Charlotte	X	X	X					
Hillsborough	X	X	X		X			X
Lake	X	X	X	X	X	X	X	X
Miami-Dade	X	X	X	X				
Palm Beach	X	X	X		X			
<b>MUNICIPALITIES</b>								
Fort Lauderdale	X	X	X		X			
Jacksonville	X	X	X	X				X
Lake Worth	X	X	X	X	X			X
Orlando	X	X	X					
Tampa	X	X	X	X	X	X		X
<b>DEPARTMENTS &amp; AGENCIES</b>								
Gainesville Regional Utilities	X	X		X				X
Greater Orlando Aviation Authority	X	X	X	X		X	X	X
Jacksonville Utility Authority	X	X		X	X			X
Kissimmee Utility Authority	X	X	X	X			X	X
Lee County Electric – Co-op	X	X						
Central Florida Transportation Authority (LYNX)	X	X						X
Miami-Dade County Aviation Dept. (Miami Int'l Airport)	X	X	X	X				X
Tampa International Airport	X	X						
Tampa Bay Water Authority	X	X					X	
V.I. Water and Power Authority	X	X		X				X
Jacksonville Airport Authority	X	X	X	X				X
<b>SCHOOL DISTRICTS</b>								
Alachua	X	X			X			
Brevard	X	X	X					X
Broward	X	X	X				X	
Duval	X	X	X				X	X
Hillsborough								X
Lee	X	X						
Miami-Dade County	X	X	X					
Orange	X	X	X		X		X	X
Pasco	X	X	X					
Polk	X	X						
St. Lucie	X	X						
Seminole	X	X	X	X				
Volusia	X	X	X		X			

# Part I — Expertise and Experience

Additionally, many of our OMB Circular A-133 audits have received quality control reviews from federal agencies over the years. On a selective basis, oversight organizations (e.g., federal inspectors general) have the authority, and do, perform desk and quality control reviews. As a matter of course, such quality control reviews have been made of Ernst & Young's audit policies, procedures, and practices by the GAO, several federal inspectors general, and state auditors. In addition, federal and state officials perform desk reviews on hundreds of the reports issued for government audit engagements. These reviews have substantively supported the fact that the quality of our audits meets all federal, state, and professional requirements. In fact, numerous letters have been received after such quality control reviews commenting on the professionalism of our approach to these audits. These quality control reviews have not resulted in any sanctions or disciplinary actions with any state boards of accountancy. This fact attests to our knowledge of and quality in performing OMB Circular A-133 audits.

We have the technical knowledge, the range of industry experience, and above all, the right people in place to provide responsive, innovative business advice to the City. Further, Ernst & Young has a global network of business advisors with direct experience in government audits. Our local team has direct access to this group. We will continue to leverage this wealth of resource and experience to deliver a full range of services to the City, and to keep you informed about current trends and breakthroughs impacting the public sector industry.

## **Public Sector Leadership**

As the leading firm serving public sector entities, we have been fortunate to have had numerous opportunities to provide a variety of accounting assistance services to state and local government clients. In fact, we view accounting assistance and similar services as an integral part of our public sector assurance and advisory practice, and remain committed to providing our clients with the highest level of responsiveness and thought leadership. In recent years, we have provided our government clients with accounting assistance services in a number of areas, including the following categories:

- **GASB 34 reporting model services** – projects within this category have varied as to scope, from performing implementation readiness assessments to full implementation support. Recent projects have included:
  - Implementation readiness assessments for school cities and counties
  - On-site tailored training and education of client accounting personnel
  - Ongoing GASB 34 advisory engagements tailored to each client's needs based on co-development sessions with management
  - Use of Computer Assisted Audit Tools (CAATs) to assist governments in evaluating the propriety of necessary opening balance adjustments (e.g., accumulated depreciation)
  
- **Financial Condition Assessment Services** – These services have involved the preparation and assessment of various trend analyses and benchmarking studies designed to provide board members and management with early warning signals of any indications of deteriorating financial condition. In connection with these assessments, we have provided specific detailed recommendations to management to improve financial condition and operating efficiency.

## Part I — Expertise and Experience

- **Early Implementation Assistance** – We routinely provide our clients with updates on emerging accounting standard changes as part of our audit relationship, and in many cases are requested to provide assistance in their implementation. These types of services go beyond just providing education and information about the requirements of new and emerging standards, and involve assistance in evaluating policy alternatives, providing specific implementation tools and techniques, and compiling data and information necessary to affect the early implementation.

### **Keeping the City and Our Professionals Current on Public Sector Issues**

Using Ernst & Young's state-of-the-art technology resources, our local team has the resources and capabilities to open the channels to a wealth of industry and regulatory knowledge on the City's behalf. Primary among those technology resources is our Public Sector PowerPack, a proprietary database containing process models, leading practices, specialized tools and diagnostics, and industry publications (including GASB pronouncements and other technical literature). Using this and other leading-edge technology resources, we are able to provide our Florida government clients with a level of service that consistently goes beyond just performing the audit.

All of the team members assigned to the City's audit are members and active participants in a number of professional organizations, such as the AICPA, FICPA, Florida GFOA, and U.S. GFOA. In addition, many of our senior team members frequently serve as speakers and instructors on emerging and current accounting and auditing topics and issues. We believe that such participation is a way to grow and share ideas and to give something back to the community and profession. As a result, we are uniquely positioned to provide the City with early warnings and proactive insights on how the activities of standard-setting organizations will affect it.

## Part I — Expertise and Experience

*In a joint proposal the principal firm should complete and sign the Proposal Signature Page, and the structure, duties, and responsibilities of each firm should be clearly delineated.*

Please refer to Attachment A for our Signature Page and Attachment B for our Vendor Response Form.

*The firm is also required to submit a copy of the report on its most recent peer review, with a statement whether that quality control review included a review of specific government engagements.*

Ernst & Young's most recent peer review was conducted in accordance with the AICPA's SEC Practice Section peer review program for the year ended June 30, 2004. The external peer review is one measure of a firm's quality and is a mandatory requisite of Government Auditing Standards. The peer reviews have specifically included government engagements. The 2004 peer review results confirmed that Ernst & Young's system of quality control for our accounting and auditing practice meets the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was being complied with, providing Ernst & Young with reasonable assurance of complying with professional standards.

Our most recent peer review report is provided in Attachment C of this proposal.

*The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.*

Federal and state officials have performed desk reviews on many of our government audit engagements and have conducted quality control (field) reviews (HUD and DOT, FTA) on several others during the past three years. These reviews have supported the quality of our audits in meeting federal, state, and professional requirements. In fact, recent field reviews by federal officials have resulted in commendations about Ernst & Young's audit process and documentation protocols. There have been no disciplinary actions taken or pending against the firm during the past three years by state regulatory bodies or professional organizations.

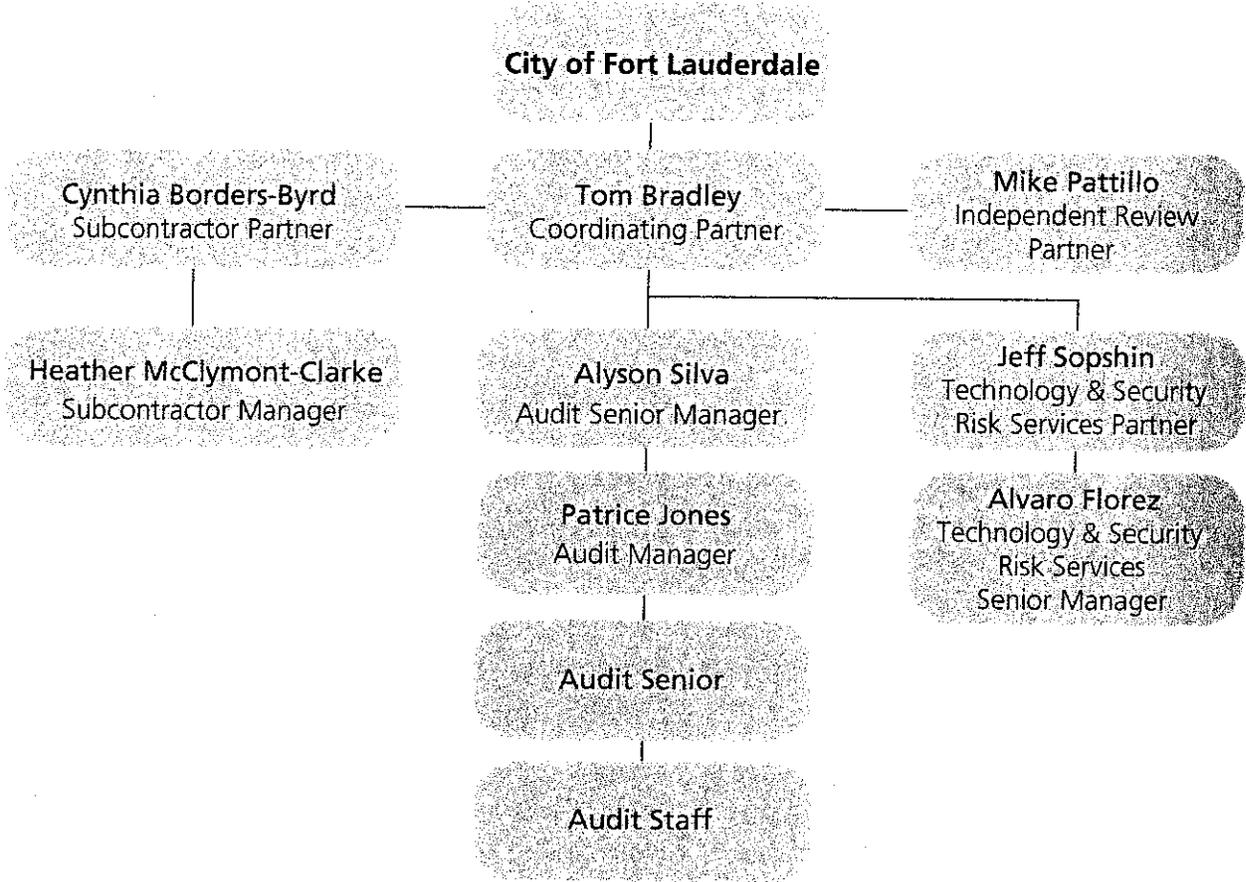
*The firm should describe any outstanding claims or litigation or threatened claims or litigation of which the proposer is aware, which involve any Florida based office or which may threaten the existence or current stability of the firm. The firm should also describe any past disciplinary findings or sanctions by the Florida State Board of Accountancy or the Auditor General related to your firm.*

There are no disciplinary actions that have been instituted, proposed or taken against any of our Florida practices or any partners or employees by the Florida State Board of Accountancy or the Auditor General during the past three years.

At present, we are aware of no outstanding claims or litigation, nor are there any threatened claims or litigation against any of our Florida-based offices. In addition, there are no claims or litigation threatening the existence of our firm.

Ernst & Young, as true of all major accounting firms, is involved in litigation in the normal course of our professional activities. We believe the mere filing of a suit against a firm provides no meaningful indication of the quality of work, since the complaint represents merely the unproven allegations of a plaintiff. The outcome, moreover, may not bear a

# Part I — Expertise and Experience



The key members of our engagement team currently serve the City. Cynthia Borders-Byrd, our subcontractor partner, has previously served the City in the senior manager role while working for Ernst & Young.

# Part I — Expertise and Experience

## Ernst & Young Engagement Team



**Mike Pattillo**  
**Independent Review Partner**  
**Phone: (407) 872-6757**  
**Location: Orlando**  
**E-mail: michael.pattillo@ey.com**

### Engagement Role

In his continued role as Independent Review Partner, Mike will provide a quality control review of our audit and serve as a direct link to the group that monitors and established our policies with respect to current and emerging government accounting, auditing, and reporting developments.

### Background and Relevant Experience

Mike has more than 17 years of public sector and not-for-profit audit experience. He has extensive experience performing financial and compliance audits of local governments, Florida colleges and universities, school districts, and other not-for-profit organizations. Mike is also experienced in performing Single Audits in accordance with OMB Circular A-133, the Florida Single Audit Act, and Rules of the Florida Auditor General. Mike has assisted numerous government and public sector clients with tax-exempt bond offerings and non-recourse financing arrangements. He routinely participates as an instructor in accounting and audit programs at statewide conferences.

### Education and Professional Affiliations

Mike received his Bachelor of Science in Accounting degree from Florida State University and is a licensed CPA in the State of Florida. He is a member of the American Institute of CPAs, the Florida Institute of CPAs, Government Financial Officers Association, Florida Government Finance Officers' Association, and the National Association of College and University Business Officers.

### Selected Government Clients Served

City of Jacksonville, City of Lake Worth, City of Boynton Beach, City of Orlando, City of Delray Beach, Palm Beach County (technical advisory role), Broward County (technical advisory role), Sarasota County, Duval County Public Schools, Orange County Public Schools, School Board of Broward County, Miami-Dade County School Board, Seminole County Public Schools, JEA, Kissimmee Utility Authority, Gainesville Regional Utilities, Virgin Islands Water & Power Authority, Lee County Electric Cooperative, Florida High Speed Rail Authority, Jacksonville Airport Authority, Hartsfield Atlanta International Airport, Greater Orlando Aviation Authority, and Miami International Airport (Miami-Dade Aviation Department).

### Continuing Professional Education

Mike has completed over 120 hours of relevant government and other CPE credits over the past three years.

# Part I — Expertise and Experience

## Ernst & Young Engagement Team



**Patrice Jones**  
**Audit Manager**  
**Phone: (954) 888-8083**  
**Location: Fort Lauderdale**  
**E-mail: patrice.jones@ey.com**

### Engagement Role

Patrice will participate in the day-to-day supervision of the audit.

### Background and Relevant Experience

Patrice has more than five years of public accounting experience providing a wide range of assurance and advisory services to a variety of public sector and not-for-profit entities. Patrice also has experience in performing audits under the Single Audit Act, OMB Circular A-133, and the rules of the Auditor General.

### Education and Professional Affiliations

Patrice holds a Bachelor of Business Administration degree from the University of Florida and a Master of Accounting degree from University of Notre Dame. She is a certified public accountant in the states of Florida and Georgia.

### Selected Government Clients Served

City of Fort Lauderdale, School Board of Miami Dade County, and Broward County Sheriff's Office.

### Continuing Professional Education

Patrice has completed over 120 hours of relevant government and other CPE credits over the past three years.

# Part I — Expertise and Experience

## Ernst & Young Engagement Team



**Alvaro Florez**  
**TSRS Senior Manager**  
**Phone: (954) 888-8023**  
**Location: Fort Lauderdale**  
**E-mail: alvaro.florez@ey.com**

### Engagement Role

Alvaro will work closely with Jeff to coordinate the delivery of all Information Technology audit services, assess IT audit risk relating to the external audit, and identify areas of significant IT risk to the City.

### Background and Relevant Experience

Alvaro has more than over 14 years of information systems strategy, system security, and system implementation experience. He has served as project manager in the implementation of financial, procurement, human resources, payroll, and grant management applications for public sector clients. Alvaro has worked with several Florida public sector clients to help implement application controls, ERP access, and security controls and assessed the effectiveness of the IT environment. He also worked with several public school boards to implement, stabilize, and optimize leading business practices and reengineer IT processes. Alvaro has established project management practices guiding the implementation of ERP applications.

### Education and Professional Affiliations

Alvaro received his Bachelor's degree in Information Systems and his M.B.A. from Florida International University. He is a Certified Information Systems Auditor.

### Selected Government Clients Served

School Board of Broward County, State of Florida Technology Review Work Group, Orange County Public School, Duval County Public Schools, Polk County Public Schools, the State of Florida, and Brevard Public Schools.

### Continuing Professional Education

Government CPE credits are not required for our TSRS professionals. However, Alvaro has in excess of 120 hours of CPE credits over the past three years.

# Part I — Expertise and Experience

## C Borders-Byrd, CPA LLC Engagement Team



**Heather McClymont-Clarke**  
**Audit Manager**  
**Phone: (954) 742-7997**  
**Location: Fort Lauderdale**

### Engagement Role

Heather will work under the direction of Cynthia and closely with the team to conduct the Federal and State Single Audit.

### Background and Relevant Experience

Heather is a skilled professional with over five years of experience. She has supervised external audit and contract internal audit services (including internal control and operational audits), which included public sector engagements. She has also performed and reviewed compliance with terms of contractual agreements and established procedures for monitoring financial transactions and financial standing. Her experience also includes the review of SEC financial reporting and comfort letters issued to underwriters in connection with public and private offerings (including automobile-related securitizations).

### Education and Professional Affiliations

Heather holds a Master of Business Administration and a Bachelor of Business Administration – Accounting (Honors) from Florida Atlantic University, and she is a CPA licensed to practice in Florida.

### Selected Government Clients Served

The City of Coral Springs and the Private Industry Council of Palm Beach County.

### Continuing Professional Education

Heather has completed over 120 hours of relevant government and other CPE credits over the past three years.

# Part I — Expertise and Experience

## Employee Retention Initiatives

We strive to provide an environment where talented people can develop and flourish. We call this our People First culture. People First has made Ernst & Young one of the Fortune "100 Best Companies to Work For" for seven years in a row and one of the "100 Best Companies for Working Mothers" from Working Mother magazine for eight consecutive years. To continue to attract and retain great people, we believe we must continue to be an outstanding place to work. Each year, we renew our commitment to help everyone at Ernst & Young achieve both their professional and personal goals through an environment that fosters flexibility, and provides continuous opportunities to develop new skills and knowledge. Some of the initiatives that support our commitment to flexibility and creating a great place to work are:

- **People Point** – People Point is a feedback tool we devised in 2000 to create a comprehensive evaluation of the effectiveness of our partners, principals, executive directors and directors. It asks for anonymous responses to a single question: "How committed is this individual to fostering a positive work environment and helping our people?"
- **Training Top 100 (March 2005)** – Ernst & Young ranks seventh on *Training* magazine's list of the top 100 businesses that excel at human capital development and received best practice recognition for our Career Counseling program. It's the fourth year in a row that the quality of Ernst & Young's learning organization and commitment to professional and personal development for its people has been recognized on this list of business learning's elite.
- **Flexible Work Arrangements** – More than 2,000 Ernst & Young employees, including nearly 90 partners, principals, executive directors, and directors, have formal flexible work arrangements (FWAs). Some of those arrangements involved reduced work weeks; others involve telecommuting, flexible hours, seasonal schedules, or some combination thereof.
- **Technology** – All client serving professionals have personal laptops, and 24/7 technical assistance is available to those in the office and at remote locations.
- **Parental Leave** – A total of 949 Ernst & Young people (roughly half men and half women) took a parental leave of absence in the first year this benefit was offered to new parents.

*The proposer should identify the extent to which staff to be assigned to the audit reflect the City of Fort Lauderdale's commitment to Affirmative Action.*

On every engagement, including your client service team, Ernst & Young strives to create diverse, inclusive teams as we find that diversity increases sharing of ideas and different points of view. Your engagement team includes both women and minority personnel and includes MBE/WBE subcontracted personnel.

## Ernst & Young's Affirmative Action Program

Ernst & Young has a long-standing commitment to affirmative action. Developing and maintaining an inclusive environment at Ernst & Young—one that respects and builds on the assets and talents of everyone to create diversity of thought—is the main focus of the firm's Offices of Minority Recruiting and Diversity Strategy and Development. These offices work with national and local organizations that promote the interests of women and minorities.

Ernst & Young also actively recruits at minority schools and universities designated as national recruiting sources, and at various career conferences sponsored by the National Association of Black Accountants, National Black MBA Association, National Society of Hispanic MBAs, and other professional organizations.

# Part I — Expertise and Experience

## About C Borders-Byrd, CPA LLC Accountants and Consultants

C Borders-Byrd, CPA LLC  
Accountants and Consultants  
101 N.E. Third Avenue  
Suite 1500  
Fort Lauderdale, FL 33301  
Phone: (954) 742-7997  
Fax: (954) 206-0634  
E-mail: cbyrd@aol.com

As stated earlier, Ernst & Young will be teaming with Cynthia Borders-Byrd, Partner at C Borders-Byrd, CPA LLC, a woman-owned, minority business. We chose to work with C Borders-Byrd, CPA LLC, which is located only a block away from the City, because of their knowledge and experience in working with the City as well as their past experience working with Ernst & Young's audit methodology and service approach. C Borders-Byrd, CPA LLC is a limited liability company properly registered and licensed by the State of Florida. The firm has five staff members in addition to Cynthia and is a full service accounting firm primarily providing accounting, auditing, tax and management advisory services to entities in the government, non profit, and health care industries, and to small businesses. Cynthia Borders-Byrd, managing member, has been licensed to practice public accounting in the State of Florida for over 20 years.

### Expertise and Experience

Prior to establishing C Borders-Byrd, CPA LLC, Cynthia was employed by Ernst & Young as an Audit Senior Manager. In that role, Cynthia served primarily government and public sector clients, including the City of Fort Lauderdale. Cynthia is well versed in Ernst & Young's global audit methodology and has worked with clients such as the City of Pompano Beach, Miami-Dade County, Broward County, Miami-Dade Public Schools and Palm Beach County. She has managed the external audit for the John S. and James L. Knight Foundation, and Broward Community and Family Health Centers, Inc. Cynthia also served as an auditor for over four years with the Office of the Auditor General, State of Florida and Broward County. Cynthia also has considerable experience performing audits under the Single Audit Act, OMB Circular A-133 and the Rules of the State Auditor General. Having served the City, Cynthia is very familiar with the City's culture, business processes and issues.

Cynthia holds a Bachelor of Science in Accounting, Florida State University and a Masters in Business Administration, Florida Atlantic University. She is a CPA, licensed to practice in Florida, a member of the AICPA and the FICPA, and a number of other professional organizations. For more information on Cynthia's qualifications and experience, please refer to her biography on page 22.

### Duties and Responsibilities

C Borders-Byrd CPA LLC will be integrated into our engagement team and will provide approximately 20% of the audit effort. Specifically, we anticipate that C Borders-Byrd CPA LLC would perform the Federal and State Single Audit and issue the related report. We believe that such an engagement will help support the growth and success of this MBE/WBE firm while providing value to the City based on the firm's extensive experience in conducting single audits. If the City were to prefer for Ernst & Young to sign the single audit report, we would work with C Borders-Byrd CPA LLC to direct and supervise the conduct of the single audit and would provide C Borders-Byrd CPA LLC with the opportunity to assist in additional areas of the audit.

# Part I — Expertise and Experience

## G. SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in the request for proposals

Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact

Our South Florida practice has served numerous public sector clients in the last five years, including the City of Fort Lauderdale. The following is a list of select clients for which we have performed the financial statement audit, the federal and state single audit, as well as certain audit-related advisory services.

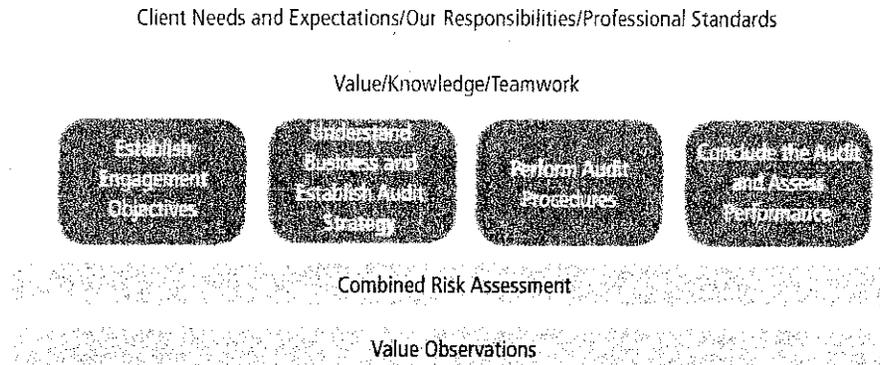
Client	Years	Engagement Partner/ Office Location	Total Hours	Name and Phone Number Principal Client Contact
Palm Beach County	1999-Present	Tom Bradley/ Ft. Lauderdale	5,000	Liz Bloeser Budget Director (561) 355-2587
The School Board of Broward County	2002 - Present	Mike Pattillo/ Ft. Lauderdale	1,250	Patrick Reilly Chief Auditor (754) 321-8300
School Board of Miami-Dade County	2003 - Present	Mike Pattillo/ Ft. Lauderdale	2,607	Allen Vann Chief Auditor (305) 995-1436
Miami-Dade County	2003-2004	Tom Bradley/ Ft. Lauderdale	8,000	Rachel Baum Finance Director (305) 375-5147
City of Orlando	2005 – Present	Mike Pattillo/ Orlando*	2,150	Rebecca Sutton Chief Financial Officer (407) 246-2341

\*Mike Pattillo, who will be your Independent Review Partner, is based in the Orlando office; however, he serves a significant number of public sector clients in South Florida and works frequently from our Fort Lauderdale office.

## Part II — Specific Audit Approach

### Our Audit Approach

Our audit approach places increased reliance on controls and focuses on inherent risks. This approach enables our professionals to leverage their industry and technical experience in order to increase audit effectively, addressing compelling risks to the City. Our intensive audit planning approach is designed to first identify the City's most pressing risks and then tailor our audit approach to address them.



Our audit approach involves the following key elements:

#### *Establish Engagement Objectives*

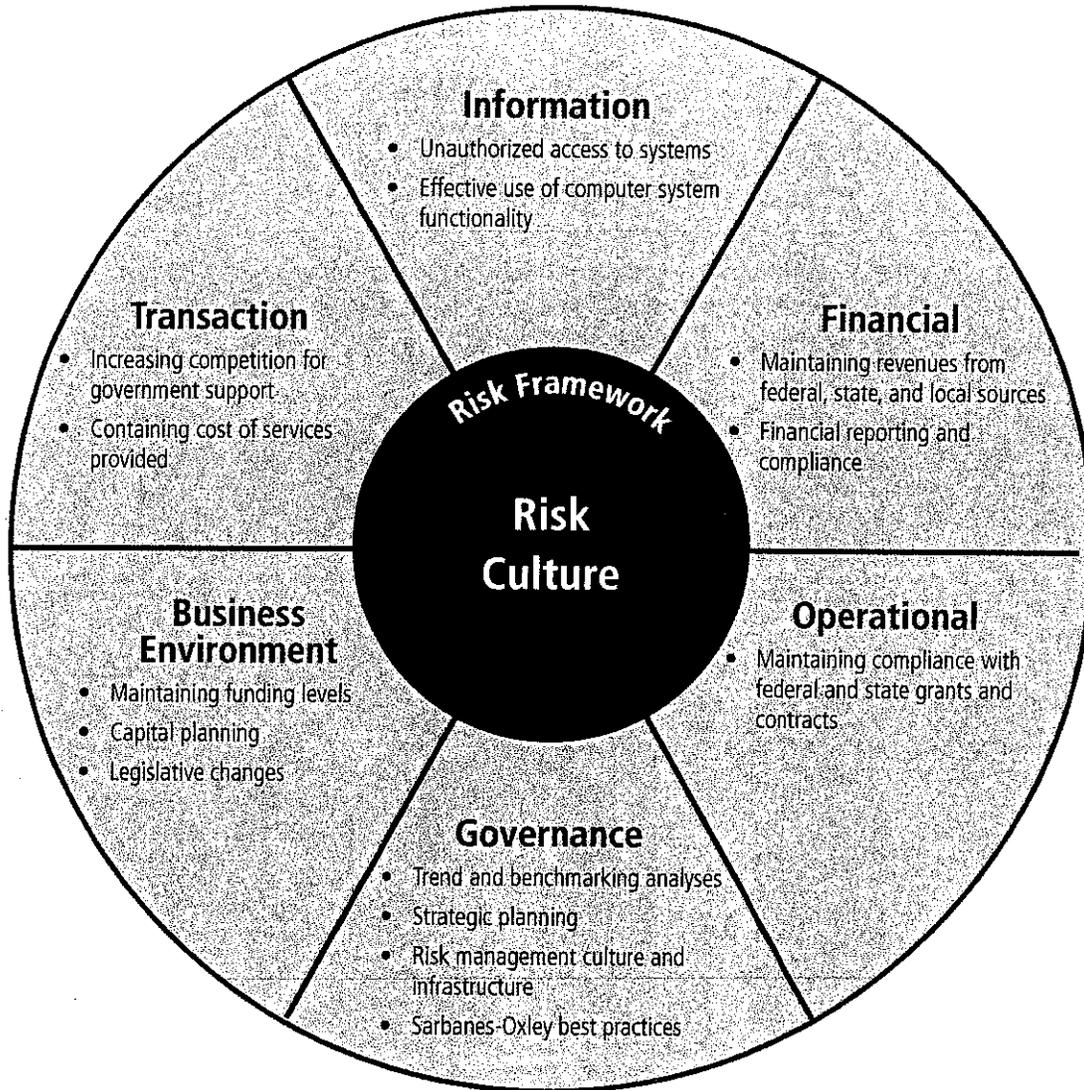
- Work with management and the City to identify and confirm their expectations for the conduct of the audit.
- Identify and orient the team members ensuring that we have appropriate levels of continuity and industry experience.
- Effectively address decentralized processes and the related allocation of audit resources (i.e., nature, timing, and extent of procedures at the component units).

#### *Understand the City's Business and Establish Audit Strategy*

- Conduct interviews with the City's key operating and finance personnel to further and update our understanding of the business.
- Consider industry and other risks developed and communicated to us from our industry resources.
- Assess internal control at the entity level (tone at the top).
- Assess the City's risk of fraud.
- Develop our preliminary audit strategy.
- Understand and evaluate significant processes and related controls.
- Perform tests of controls.
- Perform our risk assessments at the financial statement account level and develop our customized audit solution (programs) to address those risks.

# Part II — Specific Audit Approach

## Anticipated Risk Areas



## Part II — Specific Audit Approach

### **Our Commitment to Management and the Audit Advisory Board**

We have a professional responsibility to report to management and the Audit Advisory Board. We believe that reporting simply on the audit's findings is not enough. It is beneficial to both sides to have open discussions, making sure that all implications and explanations are fully understood. As we've done in the past, our team will provide timely and complete reporting on all aspects of our audit of the financial statements, including the scope and results of the audit, and certain matters regarding management's responsibilities with regard to the financial statements.

We will continue to regularly initiate discussions and observations about the City, its business, and its team. Our team's extensive government knowledge allows them to share industry insights and best practices with the City.

### **Our Approach to Communication**

Ongoing communication throughout the year with management and the Audit Advisory Board has been and will continue to be a key focus of our audit process and plan. We will continually work with you to ensure that a collaborative communication approach is followed.

Our communication protocols emphasize the following:

- Direct and open lines of communication.
- Develop an understanding of our working relationship in a changing environment.
- Communication of early identification of any significant accounting and auditing issues, allowing sufficient time for resolution.
- Meet with the Audit Advisory Board at appropriate points throughout the year, supplemented as necessary for emerging issues.
- Constantly maintain open channels to discuss proposed changes in accounting standards, industry protocols, and other matters that may affect the City.
- Continue to support our communication process that delivers the right information at the right time in a format that you require.

### **Our Approach to Automated Systems**

Ernst & Young has made a strong commitment to information systems auditing. The local area Technology and Security Risk Services (TSRS) team is led by Jeff Sopshin, who will coordinate our information systems auditing services for the City. As part of the audit team, the TSRS role is to assist in evaluating and assessing the level of complexity and risk associated with the IT environment. Just as our overall audit approach is based on your business processes and their associated business risks, our IT audit approach is based on the IT environment as a business process and the associated business risks.

Our IT process model outlines the detailed approach we will follow. This model has been developed by Ernst & Young and now is considered a "leading practice" approach for conducting IT environment reviews and assessments. Using the IT process model, our review will document and assess the processes and controls in operation within the four components identified, and will consider their impact on the City's overall internal control environment.

## Part II — Specific Audit Approach

*Auditor's Workstation (AWS)* is a powerful automated tool for audit execution that maintains an electronic copy of all of our audit work papers (including schedules that your staff prepare). AWS revolutionizes how our service teams share and collaborate on information during an audit. It enables them to have real-time sharing of audit working papers.

*Digital Analyzer and Profile Analyzer* are powerful analytical tools that enable more focused testing selections, increased identification and mitigation of risk areas, enhanced root cause analysis, and the identification of data anomalies. All of these tools enhance the efficiency of the audit process. In addition to the audit techniques outlined above, the audit engagement team will employ a full array of software throughout the course of this engagement – from audit planning to reaching a conclusion – to perform more efficient and effective audits and to improve the quality of audit service the City has come to expect. Our use of technology by audit phase is detailed below.

Audit Phase	Software	Documents/Task
General Planning	EY/AWS EY/Time Tracker	<ul style="list-style-type: none"> <li>Managing engagement evidence and documentation.</li> <li>Budgeting and controlling engagement for audit areas.</li> </ul>
Understanding and Evaluating Sources of Information	EY/AWS	<ul style="list-style-type: none"> <li>Documenting our understanding of client controls and completing the control analysis form.</li> </ul>
Assessing Risk and Developing Audit Approach	EY/AWS RADAR	<ul style="list-style-type: none"> <li>Developing the audit approach plan based on our risk assessment using decision support capabilities and databases with audit procedures.</li> <li>Planning strategies.</li> </ul>
Execution	EY/MicroSTART	<ul style="list-style-type: none"> <li>Calculating sample sizes.</li> </ul>
	EY/Random	<ul style="list-style-type: none"> <li>Generating random numbers for sampling.</li> <li>Evaluating results of audit samples.</li> </ul>
	EY/AWS	<ul style="list-style-type: none"> <li>Generating Audit Programs with detailed work instructions that reflect the audit approach plan.</li> <li>Preparing lead schedules.</li> </ul>
	Caseware	<ul style="list-style-type: none"> <li>Monitoring and controlling post trail balance adjustments.</li> <li>Consolidating working papers.</li> <li>Preparing lead schedules.</li> </ul>
	EY/ASAP	<ul style="list-style-type: none"> <li>Generating audit programs with detailed work instructions that reflect the audit approach plan.</li> </ul>
	Microsoft Excel	<ul style="list-style-type: none"> <li>Preparing lead schedules.</li> <li>Monitoring and controlling post trail balance adjustments.</li> <li>Consolidating working papers.</li> <li>Preparing financial statements.</li> </ul>
	EY/Time Tracker	<ul style="list-style-type: none"> <li>Recording actual time versus time budgeted.</li> </ul>
	ACL	<ul style="list-style-type: none"> <li>Interrogating and analyzing large volumes of client data.</li> </ul>
Conclusion	EY/Time Tracker	<ul style="list-style-type: none"> <li>Reconciling actual time for final billing.</li> </ul>
Throughout the Process	Microsoft Excel and Word	<ul style="list-style-type: none"> <li>Making calculations and producing work papers.</li> </ul>
	Lotus Notes™	<ul style="list-style-type: none"> <li>Communication with audit team and industry/firm specialists.</li> </ul>
	Public Sector Power Pack	<ul style="list-style-type: none"> <li>Lotus Notes-based database used to research industry publications, GASB and other technical literature, best practices information, and the latest firm information on the industry.</li> </ul>
	Federal Financial Assistance Database	<ul style="list-style-type: none"> <li>Firm-wide question and answer database to disseminate single audit information and ensure consistency of audit approach across the firm, as well as to ensure efficiency of single audits.</li> </ul>

## Part II — Specific Audit Approach

In general, our sample sizes for control testing at the City, depending on the nature of the control and the frequency of performance, are as follows:

Nature of Control and Frequency of Performance	Full Tests of Controls—Minimum Number of Items to Test
Manual control, performed many times per day	25
Manual control, performed daily	25
Manual control, performed weekly	5
Manual control, performed monthly	2
Manual control, performed quarterly	2
Manual control, performed annually	Test Annually
Application control	Test one application of each application control for each type of transaction if supported by effective IT general controls (that have been tested); otherwise test 25
IT general controls	Follow guidance above for manual and automated aspects of IT general controls

When substantively auditing an account balance, we utilize EY/MicroSTART, which is a software program that assists in planning an efficient sampling plan for certain significant accounts. It can be used to consider the audit strategy effects of testing controls beyond a walk-through, obtaining additional assurance from other substantive procedures, expanding tests of details of individual key items, and so forth. EY/MicroSTART allows the auditor to quickly enter data required for planning samples and immediately see the effect on planned sample sizes. Data entry includes materiality thresholds, information about the population being tested, risk assessments and assurance from other substantive procedures, key item information, and sample selection technique and expected error information.

We use EY/MicroStart at the City when determining sample sizes and random selections for substantively testing areas such as the existence of receivables, grant expenditure compliance, and compensated absences.

### 3 Type and extent of analytical procedures to be used in the engagement

The type and extent of analytical procedures to be performed is based on many factors, including risk assessments pertaining to significant accounts and key processes, effectiveness of internal controls, and materiality levels. For significant risks, if controls are ineffective or we choose not to test them, the audit procedures appropriate to address such significant risks consist of tests of details or a combination of tests of details and substantive analytical procedures that are specifically responsive to the significant risk.

Our first step in performing analytics is to determine the objectives of the procedures (e.g., to obtain substantive audit evidence regarding the completeness of revenues or to identify unusual (higher risk) items) and to consider whether analytics are appropriate in the circumstances given the audit evidence we need. For the purpose of designing our analytic procedures, we group them into the following techniques:

- **Data Analysis** – analyze each item in the population or data set to identify higher risk items (e.g., unusual items) and unusual patterns within a population or data set (e.g., revenue transactions, accounts receivable detail listing). We typically perform data analysis using electronic tools (e.g., ACL) as described above. These analyses are driven from auditor-defined parameters of acceptable and unacceptable data or from sophisticated electronic tools that have built-in intelligence.

## Part II — Specific Audit Approach

Upon completing our assessment of the accounting and business processes, we determine: (1) if the controls are effective over the accounting/business processes and (2) whether we will design tests to specifically test those controls. Generally, the most effective and efficient audit strategy is to test and rely on controls. Our audit strategy includes a significant concentration on internal control testing. We will design and execute tests of controls and evaluate the results of our tests. For controls we have evaluated as effective, we update our evaluation of those controls from the time of our interim work through year-end. Upon completion of our testing and evaluation of control, we will use the information and audit evidence gathered during the performance of earlier procedures and use that information and audit evidence to make informed assessments of the inherent and control risks (our combined risk assessment) associated with each of your significant accounts and their related assertions. We then respond to our combined risk assessments by determining the nature, timing, and extent of our remaining substantive audit procedures. This activity, while generally completed at this stage of the audit, actually encompasses procedures performed throughout the audit, rather than at one particular time.

Our understanding of the City's internal control structure includes extensive documentation of the City's critical processes and the related controls embedded in those processes summarized by type as follows:

### Routine Data Processes:

- Revenue and accounts receivable process
- Cash receipts process
- Cash disbursements process
- Purchases and accounts payable process
- Payroll process
- Fixed assets process (acquisitions, dispositions, impairment)
- Marketable securities and other investments (acquisitions, dispositions and portfolio management) process
- Budget process

### Non-Routine Data Processes:

- Debt issuance recording and monitoring process
- Amortization of deferred debt issuance costs
- Inventory count and valuation process
- Financial statement close process

### Estimation Processes:

- Depreciation process
- Self-insurance liability process

## Part II — Specific Audit Approach

For the City, the statistical sampling concepts underlying E&Y/MicroSTART are the foundation of our approach and work plan for substantively auditing account balances as well as compliance auditing. We have embedded sampling techniques in our approach to auditing the City's basic financial statements and compliance. Our sampling plans, and their sample sizes, vary depending upon the audit objective. Statistical sampling is the preferred technique for auditing effectiveness of internal controls and compliance, and sample sizes vary from 5 to 60 sample items. The number of sample items is predicated on the nature of the underlying population.

### B. IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

*The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City of Fort Lauderdale*

Ernst & Young is proud of its recognized position as a leader in technical accounting standards and emerging issues, and the various Regional and National Professional Practice groups provide input to standard setters and regulators on a regular basis. The firm's top technical resources in our National Professional Practice Group work with client engagement partners to identify emerging practice issues as well as understand the effects of proposed standards, interpretations or rules on our clients. Accordingly, we do not anticipate audit problems. Should questions or issues arise pertaining to technical accounting matters, our team will work directly with our Professional Practice Group, as well as the City's staff, to timely resolve such matters.

Through communication protocols established at the initiation of our audit service relationship, Ernst & Young facilitates the development of transparent, direct, and timely communication protocols with the Audit Advisory Board and management. These protocols are of critical importance during consultation on technical matters, when both speed and accuracy are required. The diagram on the following page illustrates a typical process established between our engagement team, management and the Audit Advisory Board for consultation on technical issues.

## Part II — Specific Audit Approach

### C. REPORT FORMAT

*The proposal should include sample formats for required reports*

We have previously issued each of the required reports as the City's existing auditors. Sample reports provided in Attachment D consist of the reports that we issued for the fiscal year 2005 audit, as we would expect the format of future reports to remain substantially the same. We have also issued our "Audit Results and Communications" report to the Audit Advisory Board as well as our Management Letter for the fiscal year 2005 audit and would expect the format of such reports to remain consistent.

## Part III — Cost Information

BASIC AUDITING SERVICES	Firm, Fixed Cost to the City
General Financial Audit	\$172,000
Federal Financial Assistance Program	24,000
State Financial Assistance Program	20,000
Large User Wastewater Agreements	<u>4,000</u>
Total Cost to the City:	<u>\$220,000</u>

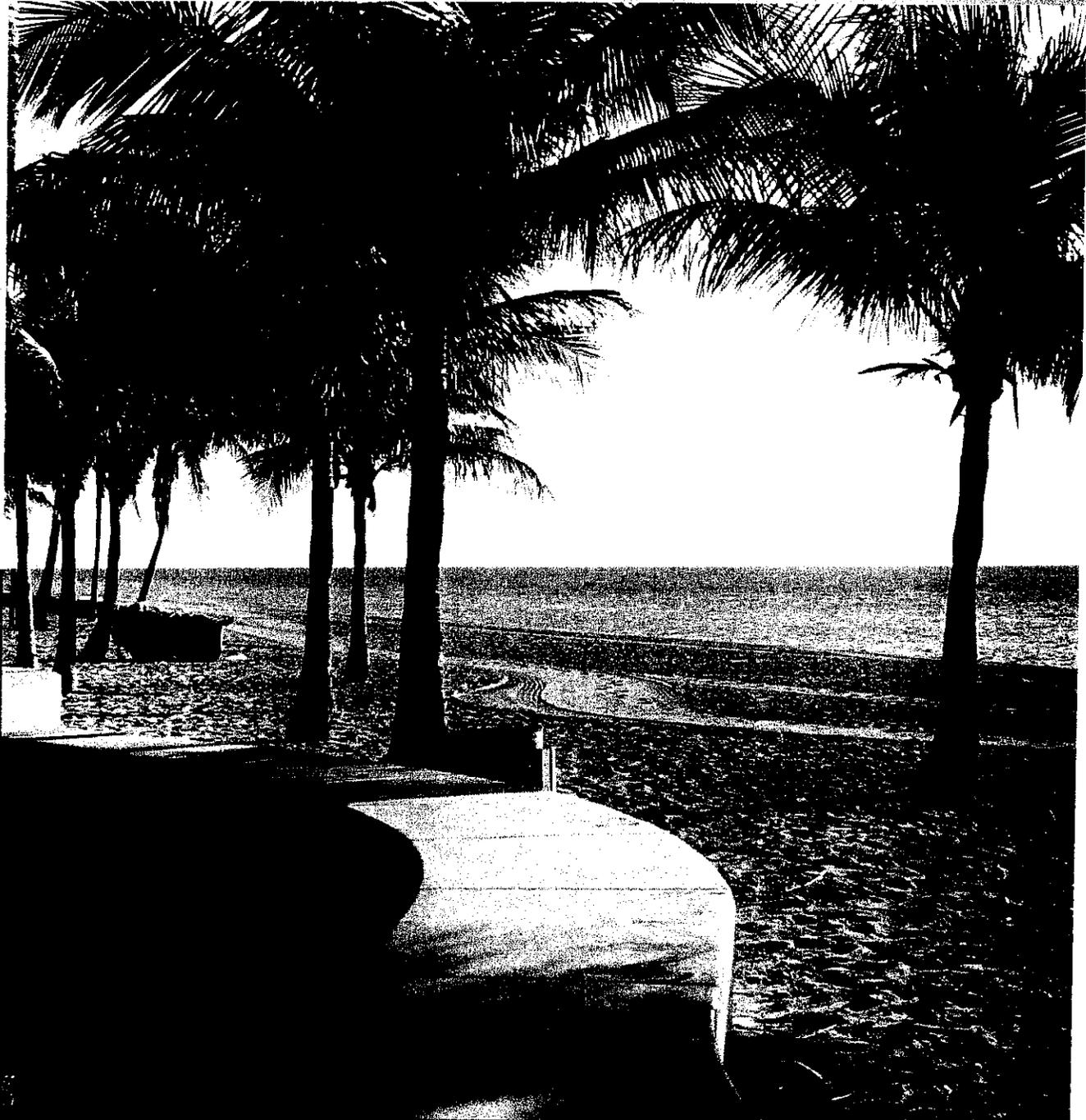
We have included an example of our standard engagement letter in Attachment E. We would plan to execute a similar letter with the City should we be selected to continue to serve as your auditors.

### ADDITIONAL "AS NEEDED" AUDITING SERVICES

*Please describe the Proposer's basis for quoting fees for additional auditing services to be performed on an "as needed" basis such as for statement reviews, defeasance schedules for city issuance of debt, review of supplemental financial statements, etc.*

Our fees for additional "as needed" auditing services would be the subject of separate arrangements and we would propose a fee for such services based on actual hours incurred billed at 50% of our current standard hourly rates.

# Attachment A



Vendor Response Form

PROPOSAL SIGNATURE PAGE

TO: The CITY of Fort Lauderdale, FL

The below signed hereby agrees to furnish the following article(s) or services at the price(s) and terms stated subject to all instructions, conditions, specifications addenda, legal advertisement, and conditions contained in the RFP. I have read all attachments including the specifications and fully understand what is required. By submitting this signed proposal I will accept a contract if approved by the CITY and such acceptance covers all terms, conditions, and specifications of this proposal.

**Please Note:** If responding to this solicitation through RFP Depot, the electronic version of the bid response will prevail, unless a paper version is clearly marked **by the bidder** in some manner to indicate that it will supplant the electronic version.

Proposal submitted by: Thomas J. Bradley (signature) 5-24-06 (date)

Name (printed): Thomas J. Bradley Title: Partner

Company: (Legal Registration): Ernst & Young LLP

**(CONTRACTOR, IF FOREIGN CORPORATION, SHALL BE REQUIRED TO OBTAIN A CERTIFICATE OF AUTHORITY FROM THE DEPARTMENT OF STATE, IN ACCORDANCE WITH FLORIDA STATUE §607.1501 (visit <http://www.dos.state.fl.us/doc/>)**

Address: 100 Northeast Third Avenue, Suite 700

CITY: Fort Lauderdale State: FL Zip: 33301

Telephone No.: (954) 888-8013 FAX No.: (954) 888-8160

E-MAIL: tom.bradley1@ey.com

Does your firm qualify for MBE or WBE status In accordance with Section 1.08 of General Conditions?

MBE  WBE

**ADDENDUM ACKNOWLEDGEMENT** - Proposer acknowledges that the following addenda have been received and are included in his proposal:

Addendum No.

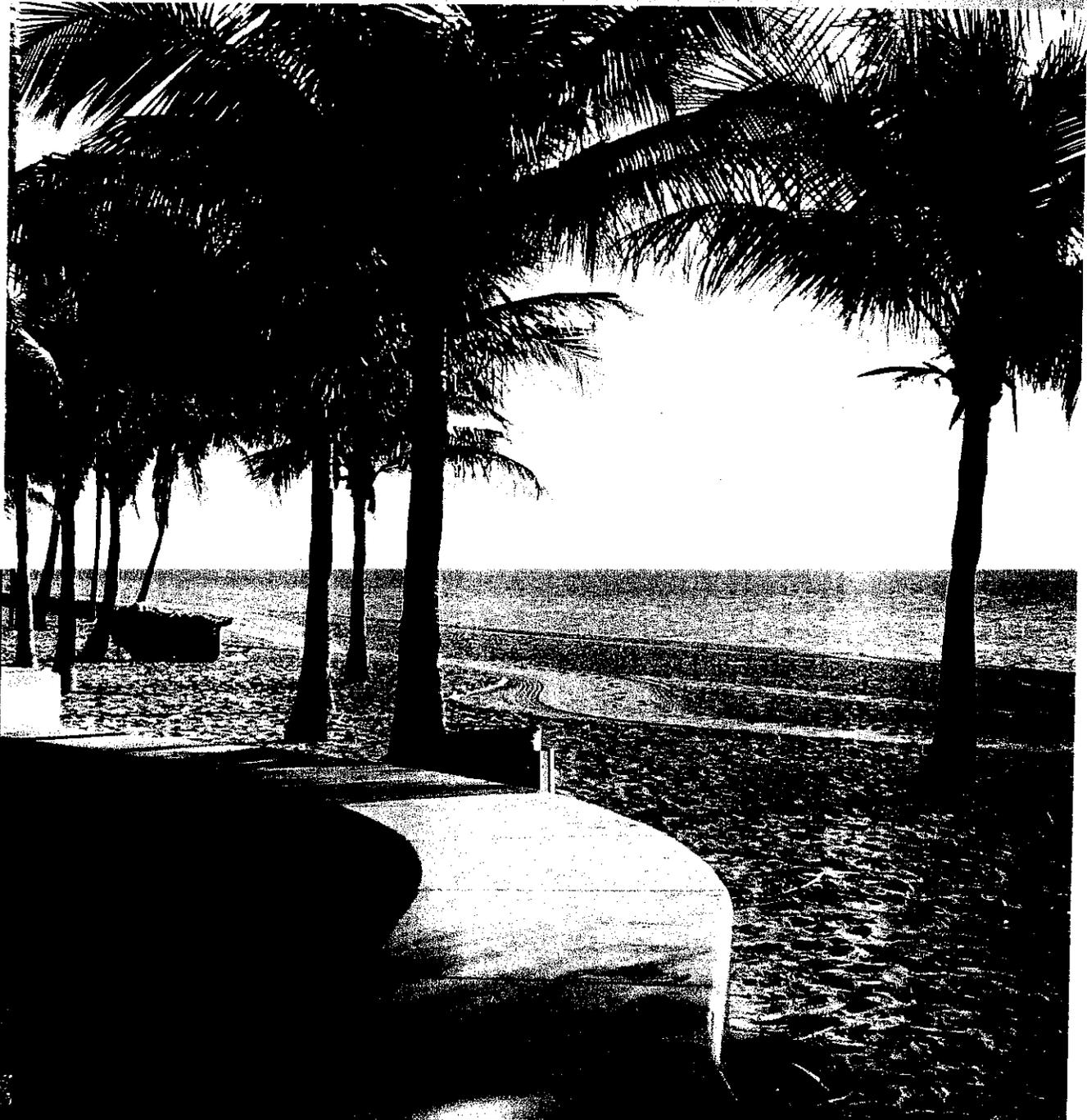
Date Issued

VARIANCES: State any variations to specifications, terms and conditions in the space provided below or reference in the space provided below all variances contained on other pages of RFP, attachments or proposal pages. No variations or exceptions by the Proposer will be deemed to be part of the proposal submitted unless such variation or exception is listed and contained within the proposal documents and referenced in the space provided below. If no statement is contained in the below space, it is hereby implied that your proposal complies with the full scope of this RFP.

Variances:

We have read the general conditions of the vendor response form. As a result of our professional standards and related independence requirements, we are unable to provide certain indemnification to clients. In the past, we have executed an engagement letter with the City covering our audit services. If we are selected, we would expect to execute a similar engagement letter and would be pleased to discuss the terms of the engagement letter during the negotiation process. We have included an example engagement letter in Attachment E of our proposal.

# Attachment B



## Vendor Response Form

### NON-COLLUSION STATEMENT:

By signing this offer, the vendor/contractor certifies that this offer is made independently and free from collusion. Vendor shall disclose below, to their best knowledge, any City of Fort Lauderdale, FL officer or employee, or any relative of any such officer or employee as defined in Section 112.3135 (1) (c), Fla. Stat. (1989), who is an officer or director of, or has a material interest in, the vendor's business, who is in a position to influence this procurement. Any City of Fort Lauderdale, FL officer or employee who has any input into the writing of specifications or requirements, solicitation of offers, decision to award, evaluation of offers, or any other activity pertinent to this procurement is presumed, for purposes hereof, to be in a position to influence this procurement. For purposes hereof, a person has a material interest if they directly or indirectly own more than 5 percent of the total assets or capital stock of any business entity, or if they otherwise stand to personally gain if the contract is awarded to this vendor.

In accordance with City of Fort Lauderdale, FL Policy and Standards Manual, 6.10.8.3,

3.3. City employees may not contract with the City through any corporation or business entity in which they hold a controlling financial interest (ownership of five (5) percent or more), unless in their City duties they are not involved in:

- 3.3.1 The award of the contract, or
- 3.3.2 Determining contract provisions, or
- 3.3.3 The enforcement of the contract.

Failure of a vendor to disclose any relationship described herein shall be reason for debarment in accordance with the provisions of the City Procurement Code.

<u>NAME</u>	<u>RELATIONSHIPS</u>
None	N/A

In the event the vendor does not indicate any names, the City shall interpret this to mean that the vendor has indicated that no such relationships exist.

Thos Bradley 5-24-06

# Attachment C





345 Park Avenue  
New York, NY 10017

Telephone 212 758 9700  
Fax 212 872 3001

To the Partners of Ernst & Young LLP  
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Ernst & Young LLP (the "Firm") applicable to non-SEC issuers in effect for the year ended June 30, 2004. The Firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the Firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the Firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the Firm. Our responsibility is to express an opinion on the design of the system and the Firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to non-SEC issuers of Ernst & Young LLP in effect for the year ended June 30, 2004, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the Firm with reasonable assurance of complying with applicable professional standards.

As is customary in a peer review, we are issuing a letter under this date that sets forth comments relating to certain policies and procedures or compliance with them. The matters described in this letter were not considered to be of sufficient significance to affect the opinion expressed in this report.

**KPMG LLP**

February 7, 2005



KPMG LLP, KPMG LLP, a U.S. limited liability partnership, is a member of KPMG International, a Swiss association.



To the Partners of Ernst & Young LLP  
and the Center for Public Company Firms  
Peer Review Committee  
February 7, 2005

Attachment to the Peer Review Report of Ernst & Young LLP  
Description of the Peer Review Process

Overview

Firms enrolled in the AICPA Center for Public Company Audit Firms (the Center) have their system of quality control periodically reviewed by independent peers. These reviews are system and compliance oriented with the objective of evaluating whether:

The reviewed firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers has been designed to meet the requirements of the Quality Control Standards established by the AICPA.

The reviewed firm's quality control policies and procedures applicable to non-SEC issuers were being complied with to provide the firm with reasonable assurance of complying with professional standards.

A peer review is based on selective tests and directed at assessing whether the design of and compliance with the firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers provides the firm with reasonable, not absolute, assurance of complying with professional standards. Consequently a peer review on the firm's system of quality control is not intended to, and does not, provide assurance with respect to any individual engagement conducted by the firm or that none of the financial statements audited by the firm should be restated.

The Center's Peer Review Committee (PRC) establishes and maintains review standards. At regular meetings and through report evaluation task forces, the PRC considers each peer review, evaluates the reviewer's competence and performance, and examines every report, letter of comments, and accompanying response from the reviewed firm that states its corrective action plan before the peer review is finalized. The Center's staff plays a key role in overseeing the performance of peer reviews working closely with the peer review teams and the PRC.

Once the PRC accepts the peer review reports, letters of comments, and reviewed firms' responses, these documents are maintained in a file available to the public. In some situations, the public file also includes a signed undertaking by the firm agreeing to specific follow-up action requested by the PRC.

Firms that perform audits or play a substantial role in the audit of one or more SEC issuers, as defined by the Public Company Accounting Oversight Board (PCAOB) are required to be registered with and have their accounting and auditing practice applicable to SEC issuers inspected by the

February 7, 2005

Center for Public Company Audit Firms Peer Review Committee  
American Institute of Certified Public Accountants  
Practice Monitoring Department  
Harborside Financial Center  
201 Plaza Three  
Jersey City, New Jersey 07311-3881

Ladies and Gentlemen:

This letter represents our response to the letter of comments issued in connection with our firm's peer review for the year ended June 30, 2004 and should be read in conjunction with that letter.

### **Engagement Performance**

#### *Policy and Process Changes*

During late 2003, we issued a comprehensive set of audit guidance on policy and process changes for audits of public companies and other engagements with higher risk or complexity that focused primarily on aspects of audit planning and documentation. In addition, we issued guidance to clarify expectations for, and to provide reminders about, our substantive tests for certain significant accounts. During 2004, our Global Audit Methodology was revised to adopt significant elements of these policy changes for all audits. In addition, our electronic working paper system was enhanced to facilitate the documentation and review of planning and interim procedures.

We have been and will continue to update firm policies to address the changed expectations regarding working paper documentation and the new PCAOB Audit Standard No. 3, which we will apply to all audit engagements. In addition, we intend to pilot the next generation of our electronic working paper system during 2005, which is being designed to enhance compliance with our documentation requirements and our ability to perform effective reviews of the work performed.

#### *Information Technology*

The consideration and documentation of IT risk has become an increasingly important element of the audit process. Accordingly, we have taken several measures to increase the attention on IT audit risks, including the following: (a) increased the number of IT audit professionals by over 50% in the past 12 months; (b) increased the targeted involvement of our IT audit professionals on clients with complex or moderately complex IT environments; and (c) increased the amount of time that IT audit executives spent on audit integration assignments. For our core audit professionals who are expected to address IT risk in less complex environments, we have added several IT modules to our core training programs. We also have expanded the IT component of our annual internal inspection program and will subject each IT audit partner to this review process on at least a bi-annual basis. Further, as part of the core training and executive learning

Center for Public Company Audit Firms Peer Review Committee  
American Institute of Certified Public Accountants

Page 2  
February 7, 2005

events that took place during 2004, and will continue in 2005, we have emphasized documentation matters related to general and application controls.

#### *Documentation*

During 2004, we conducted mandatory training (and additional optional training) regarding the integrated audit and reporting on internal controls, which included significant emphasis on the documentation requirements of controls testing as well as substantive audit procedures. Although primarily directed at audits of public companies, much of the training pertained to all controls-based audits.

We accelerated the timing of the year-end internal *Accounting and Auditing Update* sessions during 2004 and included several "refresher" topics, including auditing income taxes, analytical review procedures, use of outside specialists, summary of audit differences and impairment testing.

During 2005, our internal inspection program will focus attention on the engagement performance matters described in the letter of comments.

#### **Employee Benefit Plans**

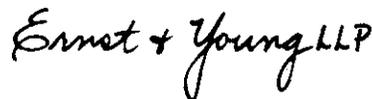
We have developed additional planning documentation to address, among other things, consideration of internal controls at a service organization that affect the benefit plan's significant accounts or processes when developing the extent of our planned substantive audit procedures. These enhancements were required for 2003 employee benefit plan audit engagements, which for the most part, were not subject to review during the peer review due to the timing of these engagements.

During 2004, we distributed additional guidance to employee benefit plan audit engagement teams reinforcing our policies regarding the extent of substantive testing for assertions relevant to significant account balances or transaction classes when a service auditor's report (SAS 70) is received. Specific examples for investments and participant data were provided in this guidance.

Employee Benefit Plan continuing education planned for 2005 will include sessions on the use of service auditor's reports and related substantive procedures, including analytical review procedures.

During 2005, our internal inspection program for audits of employee benefit plans will focus attention on the matters described in the letter of comments.

Very truly yours,



# Attachment D



**ERNST & YOUNG**  
Quality In Everything We Do

## Report of Independent Certified Public Accountants

To the Honorable Mayor, Members of the  
City Commission and City Manager,  
City of Fort Lauderdale, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Lauderdale, Florida (the City), as of and for the year ended September 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the City's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with Government Auditing Standards, we have also issued our report dated January 17, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the pension plan required supplementary information on pages 3 through 10, 60 and 61, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections, combining financial statements and other financial information, and the schedule of expenditures of federal awards and state financial assistance projects, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and other financial information and the schedule of expenditures of federal awards and state financial assistance projects have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Ernst + Young LLP*

January 17, 2006

Report of Independent Certified Public Accountants on Internal  
Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of the Basic Financial Statements Performed in  
Accordance with *Government Auditing Standards*

To the Honorable Mayor, Members of the  
City Commission and City Manager,  
City of Fort Lauderdale, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Fort Lauderdale, Florida (the City) as of and for the year ended September 30, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 17, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

In our opinion, City of Fort Lauderdale, Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal awards programs and state financial assistance projects for the year ended September 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 05-01 and 05-02.

### **Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal awards programs and state financial assistance projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal awards program or state financial assistance project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, Section 215.97, and Chapter 10.550.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal awards program or state financial assistance project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, the Mayor, Members of the City Commission, the City Manager, City management, the Auditor General of the State of Florida, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst + Young LLP*

January 27, 2006

## Report of Independent Certified Public Accountants

To the Honorable Mayor, Members of the  
City Commission and City Manager,  
City of Fort Lauderdale, Florida

We have audited the accompanying schedule of large user wastewater treatment rate computation of the City of Fort Lauderdale, Florida (the City), for the year ended September 30, 2005. This schedule is the responsibility of the City's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule showing the large user wastewater treatment rate computation is free of material misstatement. We were not engaged to perform an audit of the City's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule showing the large user wastewater treatment rate computation, assessing the accounting principles used and significant estimates made by management and evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The basis for calculation of the large user wastewater treatment rates is provided in Article V of the following Large User Agreements between the City of Fort Lauderdale and the governmental units listed below:

- City of Oakland Park dated April 20, 1982, as amended August 6, 1982, April 22, 1987 and August 1, 2001
- City of Tamarac dated October 28, 1981, as amended May 13, 1987 and August 1, 2001
- City of Wilton Manors dated April 20, 1982, as amended May 21, 1987 and August 1, 2001
- Broward County, formerly Port Everglades Authority, dated February 21, 1979, as amended April 23, 1987 and August 1, 2001
- Town of Davie dated November 1, 1988, as amended August 1, 2001

As described in Note 1, the accompanying schedule of large user wastewater treatment rate computation was prepared for the purpose of complying with, and on the basis of accounting practices specified in, the Large User Agreements mentioned above and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States.

In our opinion, the accompanying schedule of large user wastewater treatment rate computation presents fairly, in all material respects, allowable user charges for the year ended September 30, 2005 in conformity with Article V of each of the aforementioned Large User Agreements.

This report was prepared solely for the information and use of the addressees, City of Fort Lauderdale management and the parties to the above-mentioned Large User Agreements and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst & Young LLP*

January 17, 2006

# Attachment E



 **ERNST & YOUNG**  
Quality In Everything We Do

**Attachment E: Sample Engagement Letter**

[Date]

[Name and Address of Government]

Attention: [Name of Client Official]

Ladies and Gentlemen:

This will confirm the engagement of Ernst & Young LLP (“we” or “E&Y”) to audit and report on the basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of [Name of Government] for the year ended [balance sheet date]. The objective of our audit of the financial statements is to express opinions on the fairness, in all material respects, of the presentation of the basic financial statements for each applicable opinion unit in conformity with accounting principles generally accepted in the United States. We also will conduct an audit in accordance with the Single Audit Act Amendments of 1996, and the provisions of OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations* (OMB Circular A-133), (“A-133 Audit”), and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express an opinion on compliance for each major program and to render the required reports. The services described in this paragraph may hereafter be referred to as either “Audit Service” or “Audit Services.” This document will hereafter be referred to as the “Agreement.”

We also will provide a report on internal control over financial reporting related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements and other matters, noncompliance with which could have a material effect on the financial statements, as required by *Government Auditing Standards*. We will not perform sufficient procedures to render an opinion on internal control over financial reporting nor on compliance with laws, regulations, and the provisions of contracts or grant agreements and other matters, and therefore, we will not express such an opinion. This report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

We will report on the fairness of the schedule of expenditures of federal awards when considered in relation to the financial statements taken as a whole. We also will report on:

- i. Internal control related to major programs and provide an opinion on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program

in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133.

- ii. The A-133 report on internal control and compliance is intended only for the information and use of the audit committee, management, specific legislative or regulatory bodies, federal awarding agencies, and, if applicable, pass-through entities and are not intended to be and should not be used by anyone other than these specified parties.

Should conditions not now anticipated preclude us from completing our audits and issuing our reports as contemplated by the preceding paragraphs, we will advise you and the Audit Committee promptly and take such action as we deem appropriate.

### **Audit Responsibilities and Limitations**

We will conduct our audit of the basic financial statements in accordance with auditing standards generally accepted in the United States, as promulgated by the American Institute of Certified Public Accountants ("AICPA"), and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we obtain reasonable rather than absolute assurance that the basic financial statements for each opinion unit are free of material misstatement whether caused by error or fraud. As the [Name of Government] is aware, there are inherent limitations in the audit process, including, for example, selective testing and the possibility that collusion or forgery may preclude the detection of material error, fraud, and illegal acts. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect error or fraud that is immaterial to the basic financial statements. We will conduct our A-133 audit in accordance with auditing standards promulgated by the AICPA, the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Single Audit Act Amendments of 1996, and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

As part of our audits, we will consider, solely for the purpose of planning our audit and determining the nature, timing, and extent of our audit procedures, the [Name of Government]'s internal control. This consideration will not be sufficient to enable us to provide assurance on internal control over financial reporting or to identify all reportable conditions.

If we determine that there is evidence that fraud or possible illegal acts may have occurred, we will bring such matters to the attention of an appropriate level of management. If we become aware of fraud involving senior management or fraud (whether by senior management or other employees) that causes a material misstatement of the basic financial statements, we will report this matter directly to the Audit Committee. We will determine that the Audit Committee and appropriate members of management are adequately informed of illegal acts that come to our attention unless they are clearly inconsequential. In addition, we will inform the Audit Committee and

appropriate members of management of significant audit adjustments, material violations of contracts or grant agreements, material abuse, reportable conditions, and material weaknesses noted during our audit procedures.

We also may communicate other opportunities we observe for economies in or improved controls over the **[Name of Government]**'s operations.

As part of our engagement, we will apply certain limited procedures to **[Name of Government]**'s required supplementary information (RSI). The RSI consists of **[indicate the required supplementary information, e.g., Management's Discussion and Analysis, budgetary comparison schedules, pension information and infrastructure information under modified approach reporting]**. Those limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation of RSI, which management will affirm to us in its representation letter. However, we will not audit the information and will not express an opinion on it.

Supplementary information other than RSI, such as **[identify relevant supplementary information such as combining and individual fund and nonmajor fund financial statements, introductory and statistical sections]**, also may accompany **[Name of Government]**'s basic financial statements. We will subject all supplementary information that is financially oriented **[identify relevant supplementary information such as combining and individual fund and nonmajor fund financial statements]** to the audit procedures applied in our audit of the basic financial statements and render our opinion on whether that information is fairly stated, in all material respects, in relation to the basic financial statements taken as whole. We will not subject supplementary information that comprises nonaccounting information or accounting information not directly related to the basic financial statements **[identify relevant supplementary information such as the introductory and/or statistical sections]** to the auditing procedures applied in our audit of the basic financial statements, and therefore will not express an opinion on this supplementary information.

To the extent required by law, we will make our audit documentation available to a federal agency or the Comptroller General of the United States Government Accountability Office and provide copies upon their request. Audit documentation also will be made available upon request to appropriate auditors and reviewers. We shall promptly notify **[Name of Government]** of any such request to review our audit documentation.

An audit performed in accordance with *Government Auditing Standards* is not designed to detect violations of laws or regulations or provisions of contracts or grant agreements that do not have a direct and material effect on the financial statements or other financial data significant to the audit objectives.

Because the determination of abuse is subjective, an audit conducted in accordance with *Government Auditing Standards* does not provide reasonable assurance of detecting abuse.

In some circumstances in accordance with *Government Auditing Standards*, we may be required to report fraud, illegal acts, violations of provisions of contracts or grant agreements and abuse directly to parties external to [Name of Government].

In accordance with *Government Auditing Standards*, we will report in a management letter immaterial violations of provisions of contracts or grant agreements, immaterial abuse, and deficiencies in internal control other than reportable conditions (and those that individually, or in the aggregate, are material weaknesses) unless clearly inconsequential considering both qualitative and quantitative factors.

Under *Government Auditing Standards*, we are required to provide to [Name of Government] our most recent peer review report and any letter of comment, as well as subsequent peer review reports and letters of comment received during the term of this Agreement. Our most recent peer review report, letter of comment, and our responses to the letter of comment accompany this Agreement.

### **Management's Responsibilities and Representations**

The basic financial statements are the responsibility of the [Name of Government]'s management, which is also responsible for establishing and maintaining effective internal control, for properly recording transactions in the accounting records, for safeguarding assets, and for the overall fair presentation of the basic financial statements. Management of the [Name of Government] also is responsible for the identification of, and for the [Name of Government]'s compliance with, laws and regulations and provisions of contracts and grant agreements applicable to its activities.

Management is responsible for adjusting the basic financial statements to correct material misstatements and for affirming to us in its representation letter that the effects of any unrecorded audit differences accumulated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole.

Management is responsible for apprising us of all allegations involving financial improprieties received by management or the Audit Committee (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), and providing us full access to these allegations and any internal investigations of them, on a timely basis. Allegations of financial improprieties include allegations of manipulation of financial results by management or employees, misappropriation of assets by management or employees, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, intentionally misleading E&Y, or other allegations of illegal acts or fraud that could result in a misstatement of the financial statements or otherwise affect the financial reporting of the [Name of Government]. If the [Name of Government] limits the information otherwise available to us under this paragraph (based on the [Name of Government]'s claims of attorney/client privilege, work product doctrine, or otherwise), the [Name of

**Government]** will immediately inform us of the fact that certain information is being withheld from us. Any such withholding of information could be considered a restriction on the scope of the audit and may prevent us from opining on the **[Name of Government]**'s financial statements; alter the form of report we may issue on such financial statements; or otherwise affect our ability to continue as the **[Name of Government]**'s independent auditors. The **[Name of Government]** and we will disclose any such withholding of information to the Audit Committee.

As required by auditing standards as promulgated by the AICPA, we will make specific inquiries of management about the representations contained in the basic financial statements. Those standards also require that, at the conclusion of the audit, we obtain representation letters from certain members of management about these matters. The responses to those inquiries, the written representations, and the results of our audit tests comprise the evidential matter we will rely upon in forming an opinion on the applicable opinion units for the basic financial statements. Management is responsible for providing us with all financial records and related information on a timely basis, and its failure to do so may cause us to delay our report, modify our procedures, or even terminate our engagement.

Management is responsible for informing us about (1) the nature of any direct or material indirect business relationships that any officer or director, or any member of his or her immediate family (i.e., spouse, spousal equivalent, and dependents), has with E&Y or any of its affiliates, or (2) any ownership interest of five percent or more held by any such person in, or situations where any of them serves as an officer or director of, any entity (public or private) that has a direct or material indirect business relationship with E&Y or any of its affiliates.

Management is responsible for the following, as provided in *Government Auditing Standards*:

- Distributing the report on internal control over financial reporting and on compliance and other matters, as well as making copies thereof available for public inspection unless the report is restricted by law or regulation, or contains privileged and confidential information.
- Acknowledging the auditor's role (if any) in preparing draft financial statements and related notes, or in converting cash-basis financial statements to accrual-based financial statements.
- Reviewing, approving and taking responsibility for the financial statements and related notes.
- Identifying for you previous financial audits, attestation engagements, performance audits or other studies related to the objectives of the audit being undertaken and the corrective actions taken to address significant findings and recommendations.

- Applying a process to track the status of audit findings and recommendations.
- Providing views on any of your current findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report, and the timing and format for providing that information.
- Taking timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that you report.

Management is responsible for the following as provided in OMB Circular A-133:

- Complying with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*;
- Preparing the appropriate financial statements, including the schedule of expenditures of federal awards, in accordance with OMB Circular A-133;
- Establishing and maintaining effective internal control over compliance for federal programs that provides reasonable assurance that federal awards are being managed in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs;
- Complying with laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs;
- Following up and taking corrective action on audit findings, including preparing a summary schedule of prior audit findings and corrective action plans as required by OMB Circular A-133;
- Submitting the reporting package to required recipients and the data collection form to the designated federal audit clearinghouse; and
- Communicating to E&Y any significant vendor relationships where the vendor is responsible for program compliance.

### **Fees and Billings**

We estimate that the fee for our [20XX] audit services will be approximately [state specifics, e.g., \$xxx,xxx]. We will submit our invoices monthly [describe schedule], and payment of them will be made upon receipt.

Our estimated fees and schedule of performance [**if further explanation is necessary, provide details**] are based upon, among other things, our preliminary review of the [**Name of Government**]'s records, including, the number of major funds, the number of opinion units, the number of major programs and whether the [**Name of Government**] qualifies as a low-risk auditee in accordance with OMB Circular A-133 and the representations [**Name of Government**] personnel have made to us and are dependent upon the Company's personnel providing a reasonable level of assistance: [**if further explanation is necessary, state specifics**]. Should our assumptions with respect to these matters be incorrect or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. In addition, fees for any special audit-related projects, such as proposed business combinations or research and/or consultation on special business or financial issues, will be billed separately from the audit fee referred to above and will be the subject of other written agreements.

In the event we are requested or authorized by the [**Name of Government**] or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the [**Name of Government**], the [**Name of Government**] will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

#### **Other Matters**

From time to time, and depending upon the circumstances, third party service providers, independent contractors, and consultants to E&Y may participate in providing the Audit Services.

The [**Name of Government**] shall not, during the term of this agreement and for 12 months following its termination for any reason, without the prior written consent of E&Y, solicit for employment, or hire, any current or former partner or professional employee of E&Y, any affiliate thereof, or any other member of the global Ernst & Young network or any of their respective affiliates, if such partner or professional employee has been involved in the performance of any audit, review, or attest service for or relating to the [**Name of Government**] at any time during the then current fiscal year of the [**Name of Government**] up to and including the date of the audit report for that year, or in the 12 months preceding the audit report date for the immediately preceding fiscal year.

By your signature below, you confirm that the [**Name of Government**], through its Board of Directors [**or equivalent governance body**], has expressly authorized you to enter into this agreement with us on behalf of, and to bind [**Name of Government**].

Any dispute or claim arising out of or relating to services covered by this agreement or any other services hereafter provided by or on behalf of E&Y or any of its subcontractors or agents to the **[Name of Government]** or at its request (including any matter involving any third party for whose benefit any such services are provided), shall be resolved by mediation and arbitration conducted as set forth in the attachment to this agreement and incorporated herein by reference. Arbitration shall take place in New York, New York. Judgment on any arbitration award may be entered in any court having jurisdiction.

If any portion of this agreement is held to be void, invalid, or otherwise unenforceable, in whole or part, the remaining portions of this Agreement shall remain in effect. This agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and fully to be performed therein by residents thereof.

We will audit and report on the basic financial statements of **[Name of Government]** for each of its subsequent fiscal years until either the **[Name of Government]** or E&Y terminates this Agreement. Changes in the scope of our audit services and estimated fees for such services in subsequent fiscal years will be communicated in supplemental letters.

E&Y appreciates the opportunity to be of assistance to **[Name of Government]**. If this Agreement accurately reflects the terms on which the Company has agreed to engage E&Y, please sign below on behalf of **[Name of Government]** and return it to **[insert name and address of engagement partner]**.

Very truly yours,

Ernst & Young LLP

Agreed and accepted by:  
**[Name of Government]**

By: \_\_\_\_\_

**[Name of Client Official]**

\_\_\_\_\_  
**[Title]**

\_\_\_\_\_  
**[Date]**

## **Dispute Resolution Procedures**

### **Mediation**

A party shall submit a dispute to mediation by written notice to the other party or parties. The mediator shall be selected by the parties. If the parties cannot agree on a mediator, the CPR Institute for Dispute Resolution ("CPR") shall designate a mediator at the request of a party. Any mediator must be acceptable to all parties.

The mediator shall conduct the mediation as he/she determines with the agreement of the parties. The parties shall discuss their differences in good faith and attempt, with the assistance of the mediator, to reach an amicable resolution of the dispute. The mediation shall be treated as a settlement discussion and shall therefore be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. The mediation proceedings shall not be recorded or transcribed.

Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.

### **Arbitration**

If the parties have not resolved a dispute within 90 days after written notice beginning mediation (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute shall be settled by arbitration. The arbitration will be conducted in accordance with the procedures in this document and the CPR Rules for Non-Administered Arbitration ("Rules") as in effect on the date of the Agreement, or such other rules and procedures as the parties may agree. In the event of a conflict, the provisions of this document will control.

The arbitration will be conducted before a panel of three arbitrators, of which each of the parties (or each group of aligned parties) shall select one from the CPR Panels of Distinguished Neutrals using the screened selection process provided in the Rules, and the third of which shall be selected as set forth in the Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of any of these procedures, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may be appointed unless he or she has agreed in writing to these procedures.

The arbitration panel shall have no power to award non-monetary or equitable relief of any sort. Damages that are inconsistent with any applicable agreement, that are punitive in nature, or that are not measured by the prevailing party's actual damages, shall be unavailable in arbitration or any other forum. The parties expressly waive the right to such damages, and the arbitrators shall have no power to award them. The arbitration panel shall have no power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

# Our Team to Serve the City of Fort Lauderdale

As a result of serving the City for the past four years, we fully understand your operations and your challenges and will continue to proactively work with you to successfully address your issues. We have already demonstrated to you through prior projects that we are very knowledgeable of your key business objectives and responsive to your needs. Each member of our team brings a wealth of financial audit technical knowledge, and government service experience to this engagement.

These are the key team members that will be presenting to you today and who will serve on the 2006 audit.



## **Tom Bradley, Coordinating Partner**

Tom will continue to lead the audit engagement at the City and will be responsible for overseeing that all of the firm's resources are involved as necessary, enabling the City to leverage the full benefit of Ernst & Young's depth of industry and local resources and knowledge. He will maintain close, personal contact with the City's Audit Advisory Board and management team to discuss significant issues and to consider any special needs regarding our services. Tom has served as the engagement partner for the four years that Ernst & Young has been auditing the City.



## **Alyson Silva, Senior Manager**

Alyson will oversee the planning and execution of the audit and coordinate communication with management. She will work directly with your team to create value through the audit and ensure satisfaction through on-time delivery and prompt resolution of all issues. Alyson has served the City for the last two years.



## **Patrice Jones, Manager**

Patrice will participate in the day-to-day supervision of the audit. She will be responsible for developing and executing our audit plan to efficiently focus on areas of significant risk. Patrice has served the City for the last three years.



## **Cynthia Borders-Byrd, Subcontractor Partner**

Cynthia and her firm's personnel will work closely with Ernst & Young to provide seamless service to the City. Cynthia's firm will be responsible for the Federal and State Single Audit. Cynthia has several years of experience with Ernst & Young and extensive experience in previously serving the City.

## C Borders-Byrd, CPA

- Minority/women-owned CPA firm located in downtown Fort Lauderdale
- Excited about partnering with Ernst & Young
- Over twenty-five years of experience performing government audits, including the City of Fort Lauderdale
- Performed or supervised the audits of over \$1.5 billion of Federal and State Single Audits
- Responsible for the single audit, including issuing the auditor's report
- Selecting our team supports the growth and development of this firm

# The Ernst & Young Difference

## We have a proven track record of quality service to the City

- Proactive advice, quality and integrity of our audits
- Commitment to value-added ideas
- Best practices introduced
- Best in class audit tools and technology resources

## We offer an experienced, proactive local team that knows the City

- Significant executive involvement
- Education/training of our team
- Significant local resources

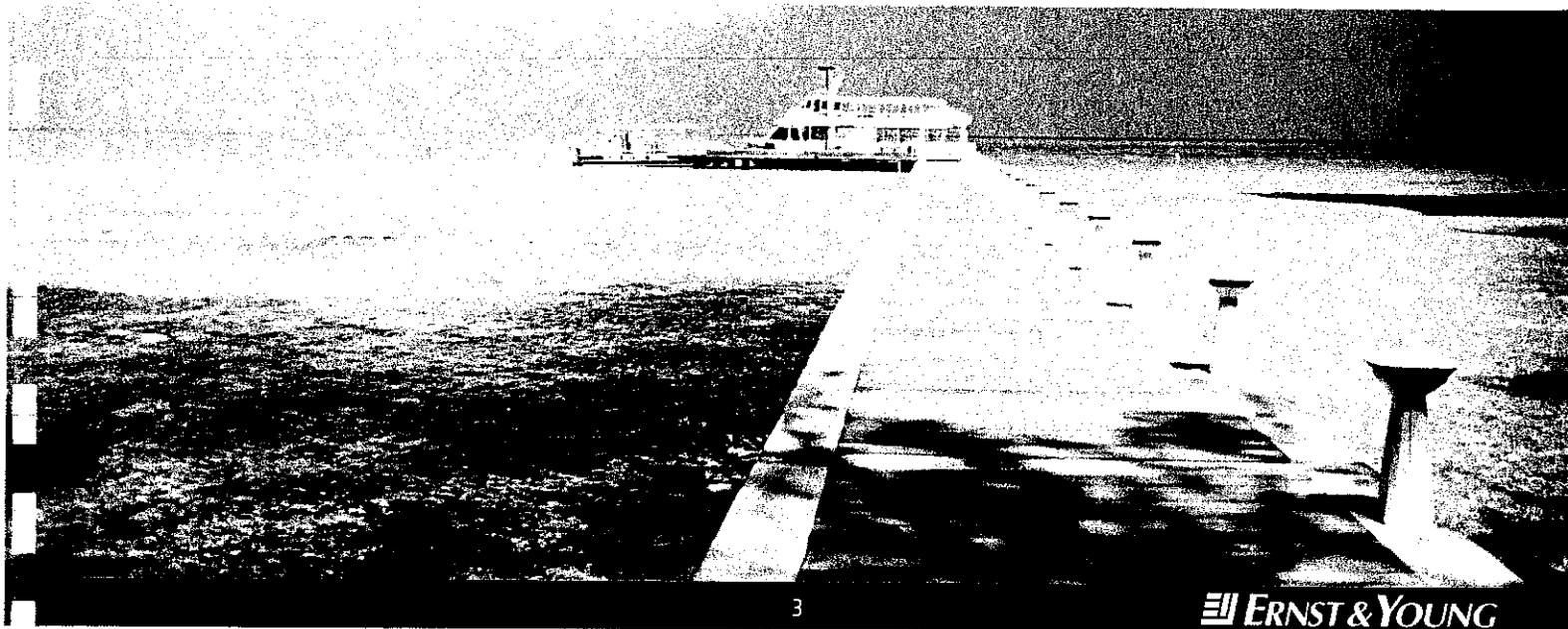
## No learning curve, no disruption of service, no time lost or costs associated with changing auditors

## Public sector thought leadership and Firm's commitment to the industry

- Dedicated public sector group
- Training offered to our clients
- National office resources

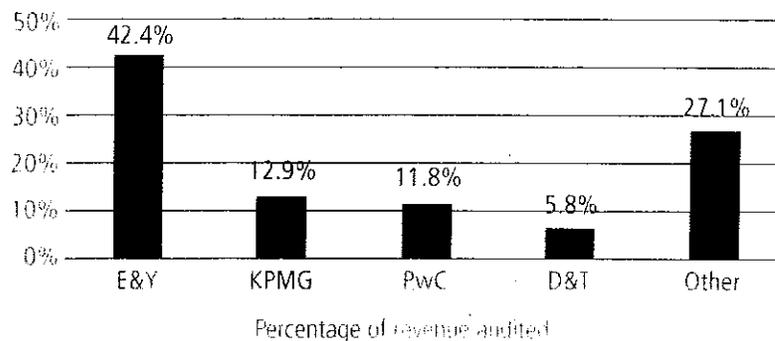
## The largest government practice of any Big Four firm

- Nationally, we serve more than 2,000 public sector and not-for-profit clients.
- In Florida, we serve six of the largest counties, three of the largest cities, and 11 of the largest school districts



# Largest Government Practice

Ames Research Group Big Four Market Share for Government, Public Sector, and Nonprofit Industries



## Our National Public Sector Professionals

- Have decades of experience with the systems, programs, and issues facing the public sector
- Served many of the most complex and prestigious public sector organizations in the world
- Several are former policy makers or senior executives or served as department heads within the government sector
- Keep close tabs on the industry they serve through a variety of professional networks and work closely with standard-setting and professional organizations including:
  - Governmental Accounting Standards Board
  - Government Finance Officers' Association (GFOA)
  - National Association of State Auditors, Comptrollers, and Treasurers
  - Association of Government Accountants

## Our Florida Government Practice

- We are a leading firm in serving Florida government entities
- We have an established Public Sector Practice that employs over 100 professionals who focus on serving government entities
- 70+ public sector entities served annually in Florida
- Extensive experience in auditing under Government Auditing Standards and in performing single audits
- Our South Florida practice has over 300 audit, tax and consulting professionals, including over 30 professionals with experience in serving public sector clients



## Why Choose Our Team?

- Experienced, proactive team that knows the City
- High quality audit and outstanding client service
- No auditor transition required
- Availability of local office resources
- Unmatched government practice and industry leadership
- Commitment to the City of Fort Lauderdale

