

Received
6/30/2014
CD 2:24



Certified Public Accountants And Consultants

P.O. Box 1217

Mt. Pleasant, Texas 75456-1217

Titus County Auditor's Office
106 West First Street
Suite 202
Mt. Pleasant, TX 75455

RFP FINANCIAL AUDIT SERVICES

RFP FOR FINANCIAL AUDIT SERVICES
Prepared for Titus County
By Arnold, Walker, Arnold & Co., P.C.



ARNOLD, WALKER, ARNOLD & Co., P.C.

Certified Public Accountants And Consultants

Bob J. Arnold, C.P.A., P.F.S.
Lanny G. Walker, C.P.A., P.F.S.
Kris Arnold, C.P.A., P.F.S.
Andrew T. Arnold, C.P.A.
Melissa J. Godfrey, C.P.A.

MEMBER

American Institute Of
Certified Public Accountants

Texas State Society Of
Certified Public Accountants

Honorable County Judge, Commissioners,
And County Auditor
C/O Titus County Auditor's Office
100 West First Street Suite 202
Mt. Pleasant, TX 75455

Dear Sirs:

We appreciate the opportunity to bid on audit services for Titus County. Thanks for allowing us to have served as the County's independent auditor for these many years. We would hope to continue this service over the next five years of this proposal period.

It is our understanding that the County desires to contract for audit services for a three year period with an option to renew for two additional years. Services required would be a financial audit of the County's general purpose financial statements and Schedule of Federal Financial Assistance, if applicable, for each fiscal year end during the contract period. Also services required include a separate audit each year of the Juvenile Probation Department for the 76th and 276th Judicial District. As we have demonstrated over the years, we will perform the work during the time period required. We will come in and perform the field work staffed in such a manner so that we are there on consecutive days until the field work is complete and in as least a disruptive manner as we can.

Our firm has four owners. These include Bob Arnold, President; Lanny Walker, Vice-President; Kris Arnold, Secretary-Treasurer, and Andrew Arnold. Any of these are authorized to make representations for the firm. We can all be reached at the address and phone number listed below. Lanny Walker will be the primary contact and the owner in charge of this engagement.

Respectfully,

Lanny Walker
Arnold, Walker, Arnold & Co. P.C

July 9, 2014

Executive Summary
Titus County Request for Proposal for Audit Services
From Arnold, Walker, Arnold & Co. P.C.
July 9, 2014

This proposal is for audit services for Titus County for a three year period for years ending September 30, 2014, 2015, and 2016 with an option to renew for a two year period for years ending September 30, 2017 and 2018. This proposal is also for audit services for the separate audit for the Juvenile Probation Department for the 76th and 276th Judicial District for a three year period for years ending August 31, 2014, 2015 and 2016 with an option to renew for a two year period for years ending August 31, 2017 and 2018.

Our responsibility is to express opinions on these financial statements. We will conduct our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We will also evaluate the appropriateness of accounting policies used as well as significant accounting estimates used by the County, as well as evaluating the overall presentation of the financial statements.

Normally we schedule with the County a period of five to seven consecutive days to be on-site to complete the necessary field work. It then normally takes two to three more days to complete the report. Prior to finalization of the report, we will have an exit conference with the County Auditor where we review and discuss the financial statements, any proposed journal entries and any findings.

We will complete the work in a timely manner each year assuming the books are in balance and there are no significant problems or findings. We would discuss this with the County Judge, Commissioners, and County Auditor as soon as we became aware of any problem.

Executive Summary (Continued)

Our proposed fees are quoted assuming that the County's books are in balance and there are no significant findings or deficiencies that require additional time. Also, these fees are quoted assuming no major increase in audit requirements. Also, these fees are proposed assuming no significant new grants or no significant new construction projects other than those we are aware of already. In the event any of these issues arise, we would reserve the right to visit with the Court about additional fees other than those given below. In any of these instances we would propose additional fees using the same rate structure as in the proposed fees below.

Proposed fees are as follows:

For Titus County:

Year ending		
9/30/14		\$27,850.00
9/30/15	a range of \$28,685.00 to \$29,435.00	
9/30/16	a range of \$29,545.00 to \$30,545.00	
If the County desires to continue, then		
9/30/17	a range of \$30,580.00 to \$31,830.00	
9/30/18	a range of \$31,650.00 to \$32,900.00	

For the Juvenile Probation audit:

Year ending		
8/31/14		\$2,270.00
8/31/15		\$2,340.00
8/31/16		\$2,410.00
If desired:		
8/31/17		\$2,500.00
8/31/18		\$2,600.00

PEER REVIEW

Arnold, Walker, Arnold & Co., P.C.'s latest peer review report is attached.

The last peer review was for the year ended May 31, 2011. We received a peer review rating of pass.

With a rating of pass, another peer review is not needed for 3 years. We will have a peer review this year for the year ended May 31, 2014. This is required to be completed by November 30, 2014. We have already contacted the same peer review firm and have a tentative date set for the review.

System Review Report

September 9, 2011

To the Shareholders
Arnold, Walker, Arnold & Co., P.C.
and the Peer Review Committee of the Texas Society of CPAs

We have reviewed the system of quality control of **Arnold, Walker, Arnold & Co., P.C.** (the firm) in effect for the year ended May 31, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

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

In our opinion, the system of quality control of **Arnold, Walker, Arnold & Co., P.C.** in effect for the year ended May 31, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. **Arnold, Walker, Arnold & Co., P.C.** has received a peer review rating of *pass*.

Davis Kinard & Co, PC

Certified Public Accountants

DEGREE OF COMPLIANCE

Arnold, Walker, Arnold & Co, P.C. hereby states that all services quoted in this proposal are in full accord with the specifications listed in the request for proposal.

PROPOSAL PRICING

We will plan and staff the audits each year so that we will schedule to be on-site to do field work for five to seven days. These will be consecutive days. We do not come and work a day or two and then pull out and come back later. We will have at least four CPA's on this job each day that have been involved in at least ten previous years with the audit of Titus County. This provides for good continuity. We will have one or two non-CPA staff members on the job each day as well. Our estimated number of hours needed to complete this engagement is anticipated to be within a range of two hundred to two hundred twenty-five hours annually. This could be subject to change in certain circumstances. Circumstances such as the books not being in balance, significant audit findings or deficiencies, imposition of additional audit requirements by government regulation or industry standards, new major grant funds, or new major construction projects could cause an increase in the number of hours required to complete this engagement. In the event these circumstances occur, we would need to visit with the Court. In the event significant additional time is needed, we would reserve the right to visit with the Court and arrange additional fees above the amounts noted below.

Our proposed fees are as follows:

For Titus County:

Year Ending	
9/30/14	\$27,850.00
9/30/15	a range of \$28,685.00 to \$29,435.00
9/30/16	a range of \$29,245.00 to \$30,545.00
If the County desires to continue, then	
9/30/17	a range of \$30,580.00 to \$31,830.00
9/30/18	a range of \$31,650.00 to \$32,900.00

For the Juvenile Probation audit:

Year Ending	
8/31/14	\$2,270.00
8/31/15	\$2,340.00
8/31/16	\$2,410.00
If desired:	
8/31/17	\$2,500.00
8/31/18	\$2,600.00

References for Arnold, Walker, Arnold & Co. P. C.

Hopkins County
Suzanne Bauer, County Auditor
(903)438-4009

Red River County
Camille Hines, County Auditor
(903)427-2131

Morris County
Shanna Fuquay, Count Auditor
(903)645-2717

Mount Pleasant ISD
Stacie Thompson, Business Manager
(903)575-2000