

Request for Legislative Action

Res. #20887
Sponsor: Tony Miller
Date: February 28, 2022

Completed by County Counselor's Office			
Action Requested:	Resolution	Res.Ord No.:	20887
Sponsor(s):	Tony Miller	Legislature Meeting Date:	2/28/2022

Introduction
Action Items: ['Award']
Project/Title:
Awarding a twelve-month contract with the option of extending the contract for three additional twelve-month periods, for auditing services for the Finance and Purchasing Department to Allen, Gibbs & Houlik, L.C. of Overland Park, Kansas under the terms and conditions of Request for Proposal No. 80-21.

Request Summary					
The Finance and Purchasing Department requires a contract for auditing services for the Annual Comprehensive Financial Report (ACFR) and the Single (Grant) Audit. The Purchasing Department issued Request for Proposal 80-21 in response to those requirements.					
A total of thirty notifications were distributed and five responses were received. The following five proposals were evaluated as follows:					
	Allen, Gibbs & Houlik, Overland Park, KS	BKD, Kansas City, MO	Clifton Larson Allen, Overland Park, KS	RSM, Kansas City, MO	RubinBrown, Kansas City, MO
Respondent's Capability and Government Audit Experience	61.38	59.68	56.75	59.00	62.88
References	9.13	9.25	9.50	9.50	9.75
Pricing	<u>25.00</u>	<u>23.00</u>	<u>22.00</u>	<u>9.00</u>	<u>17.00</u>
Totals Scores	95.51	91.88	88.25	77.50	89.63
Total Cost of Contract	\$576,490	\$595,625	\$606,900	\$721,500	\$650,720
Pursuant to Section 1054.6 of the Jackson County Code, the Finance and Purchasing Department recommends the award of the contract for the furnishing of auditing services to Allen, Gibbs & Houlik of Overland Park, Kansas as the best proposal received.					

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Contact Information			
Department:	Finance	Submitted Date:	2/4/2022
Name:	Cheryl L Colter	Email:	ccolter@jacksongov.org
Title:	Deputy Director of Accounting	Phone:	816-881-3180

Budget Information			
Amount authorized by this legislation this fiscal year:			\$135,000
Amount previously authorized this fiscal year:			\$ 0
Total amount authorized after this legislative action:			\$135,000
Is it transferring fund?			No
Single Source Funding:			
Fund:	Department:	Line Item Account:	Amount:
001 (General Fund)	1404 (Finance)	56010 (Auditing and Accounting Services)	\$135,000

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Prior Legislation	
Prior Ordinances	
Ordinance:	Ordinance date:
Prior Resolution	
Resolution:	Resolution date:
20637	March 22, 2021

Purchasing	
Does this RLA include the purchase or lease of supplies, materials, equipment or services?	Yes
Chapter 10 Justification:	Formal Bid
Core 4 Tax Clearance Completed:	Not Applicable
Certificate of Foreign Corporation Received:	Yes
Have all required attachments been included in this RLA?	Yes

Compliance	
Certificate of Compliance	
In Compliance	
Minority, Women and Veteran Owned Business Program	
Reviewed for Goals:	
MBE:	9.50%
WBE:	.00%
VBE:	.00%
Prevailing Wage	
Not Applicable	

Fiscal Information	
<ul style="list-style-type: none"> There is a balance otherwise unencumbered to the credit of the appropriation to which the expenditure is chargeable and there is a cash balance otherwise unencumbered. 	

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History

Cheryl L Colter at 2/4/2022 2:47:25 PM - [Submitted |]
Department Director: Bob Crutsinger at 2/4/2022 3:45:50 PM - [Returned for more information | Returned to attach additional documentation.]
Submitter: Cheryl L. Colter at 2/7/2022 5:38:36 PM - [Submitted |]
Department Director: Bob Crutsinger at 2/10/2022 8:00:17 AM - [Returned for more information | Returned to attach updated supporting documentation.]
Submitter: Cheryl L. Colter at 2/14/2022 12:55:38 PM - [Submitted |]
Department Director: Bob Crutsinger at 2/14/2022 2:57:15 PM - [Approved |]
Finance (Purchasing): Barbara J. Casamento at 2/14/2022 4:08:25 PM - [Approved |]
Compliance: Katie M. Bartle at 2/14/2022 4:24:14 PM - [Returned for more information | A completed CUP has not been submitted to Compliance to review/approve for goals. 9.5% MBE goals apply.]
Submitter: Cheryl L. Colter at 2/15/2022 11:02:00 AM - [Submitted |]
Department Director: Bob Crutsinger at 2/15/2022 2:41:15 PM - [Approved |]
Finance (Purchasing): Barbara J. Casamento at 2/15/2022 3:03:20 PM - [Approved |]
Compliance: Katie M. Bartle at 2/16/2022 10:35:54 AM - [Approved |]
Finance (Budget): Mark Lang at 2/16/2022 11:21:10 AM - [Approved | The fiscal note is attached.]
Executive: Sylvya Stevenson at 2/16/2022 2:21:22 PM - [Approved |]
Legal: Elizabeth Freeland at 2/24/2022 11:50:09 AM - [Approved |]

INTEROFFICE MEMORANDUM

TO: Barbara Casamento
FROM: RFP Evaluation Committee
SUBJECT: RFP 80-21 (County Auditing Services)
DATE: February 7, 2022

There were five respondents for RFP 80-21 (County Auditing Services): Allen, Gibbs & Houlik (AGH), BKD CPAs & Advisors, CliftonLarsonAllen LLP (CLA), RSM US LLP, and RubinBrown LLP. After careful review of the proposals and interviews with all the respondents, the evaluation committee is recommending AGH be awarded the contract.

The audit services will include the Annual Comprehensive Financial Report (ACFR) and the Single Audit for the fiscal year ending December 31, 2021 with options, if exercised by the County, of extending the contact for up to three (3) subsequent fiscal years.

Evaluation Committee

The evaluation committee was composed of a broad range of County associates. The representatives on the committee were from the County Executive's Office, County Auditor's Office, COMBAT, Parks+Rec, and the Finance Department.

As stated in the request for proposal document, the factors considered when evaluating the proposals were:

- 65% Respondent's Capability and Governmental Audit Experience
- 10% References
- 25% Pricing

AGH

1. Respondent Capability and Government Audit Experience

BKD is the incumbent audit firm and has conducted the audit for the previous five fiscal years. AGH offers the County the personal attention and relationships of an independently owned firm, combined with deep and specialized governmental-focused resources. The individuals working on the audit would be based out of the Overland Park and Wichita offices. AGH would bear all travel costs.

AGH would be partnering with an MBE firm, Welch and Associates, at nine and one-half percent (9.5%) participation. This participation is equal to the goal established by the County Compliance Review Office. The services provided by this firm would include Single Audit and other financial audit support.

2. Interview

The evaluation committee members conducted a virtual interview with AGH. The representatives of AGH in the interview were Mike Lowry (Senior Vice President, Assurance Services), Jonathan Nibarger (Vice President, Assurance Services), and Brian

Holst (Senior Manager). The interview was informative and provided the committee valuable information on the audit process and that their engagement would have substantial officer level involvement.

A representative from their MBE firm, Welch and Associates, was not in attendance to address the committee. However, the committee did not believe this to be significant enough to deduct points.

3. References

AGH's references, City of Kansas City, Missouri; City of Oklahoma City, Oklahoma; Johnson County, Kansas; and Butler County, Kansas provided complimentary comments regarding their services.

4. Pricing

Per the RFP requirements, the pricing quote based on seven major funds and three major grant programs was \$135,000 for the first year of the audit. This is \$6,300 less than the price paid for the most recent audit year. The future pricing would increase approximately 4.3% annually over the term of the contract. The total cost for the four years of the contract is \$576,490.

AGH had the lowest pricing among respondents. The \$576,490 quote from AGH for the four-year agreement was \$145,010 less than the highest bid. See attached Exhibit A for pricing analysis.

5. Evaluation Scoring

See the attached Exhibit B showing the Evaluation Scoring Summary

February 11, 2022

The Honorable County Executive
Members of the County Legislature
Jackson County, Missouri
415 East 12th Street
Room 105
Kansas City, Missouri 64106

Attention: County Executive and Members of the County Legislature:

The Objective and Scope of the Audit of the Financial Statements

You have requested that Allen, Gibbs & Houlik, L.C. (“AGH”, “we”, “us”, or “our”) audit the Jackson County, Missouri’s (“County”) governmental activities, business-type activities, each major fund, and aggregate remaining fund information as of and for the year ending December 31, 2021, which collectively comprise the basic financial statements. We will not audit the financial statements of the discretely presented component unit (Developmental Disability Services) or the pension trust fund. Those financial statements will be audited by component auditors. We will also a) report on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole, and b) apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America.

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter (“Arrangement Letter”).

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* issued by the Comptroller General of the United States (GAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

You have also requested that AGH perform the audit of the County as of December 31, 2021 to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Fees and Costs

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement plus expenses, including report processing, travel, meals, fees for services from other professionals, if applicable, and technology, photocopying, postage and clerical assistance. The aggregate professional fees for the services discussed above, will be \$135,000. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from County personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred with a final billing upon completion. Billings are due upon submission.

All matters related to the County's adoption of any new standard pursuant to accounting or auditing matters will be accounted for and billed separately.

You have informed us that you intend to prepare an annual comprehensive financial report (Annual Report) and submit it for evaluation by the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting. Our association with the Annual Report is to consist of procedure required under generally accepted auditing standards for Other Information (including the Introductory and Statistical Sections of the Annual Report), and for Supplementary Information presented in the Annual Report.

Other Information

As part of AGH's ongoing commitment to serve as a trusted advisor, we offer several other resources that provide additional value beyond this engagement itself. AGHUniversity.com offers a full schedule of complimentary education and other updates to clients throughout the year. AGH alerts and newsletters also include periodic mailings or emails to alert clients to new accounting, audit and tax standards or regulations. We appreciate our relationship with Jackson County, Missouri and look forward to serving you in the future.

Acknowledgement and Acceptance

Each party acknowledges that it has read and agrees to all of the terms and conditions contained herein. Each party and its signatory below represents that said signatory is a duly authorized representative of such party and has the requisite power and authority to bind such party to the undertakings and obligations contained herein.

AGREED TO AND ACKNOWLEDGED BY:

ALLEN, GIBBS & HOULIK, L.C.



Mike Lowry
Senior Vice President, Assurance Services

Confirmed on behalf of Jackson County, Missouri:

County Executive

Date

TERMS AND CONDITIONS

In the course of providing attest services, Allen, Gibbs & Houlik, L.C. (AGH) applies customary practices intended to fulfill our professional responsibilities in a cost effective manner. These terms and conditions define our professional responsibilities and the standards that we employ in providing you with our attest services. We find that by more clearly defining our professional service responsibilities, and your responsibilities as a client of AGH, we can prevent any uncertainties in providing our attest services. By signing the preceding Arrangement Letter, you are agreeing to the conditions and limitations described below.

The Responsibilities of the Auditor

We will conduct our audit in accordance with GAAS, GAS, the Uniform Guidance, and the U.S. Office of Management and Budget's (OMB) Compliance Supplement. Those standards regulations, supplements or guides require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, GAS, the Uniform Guidance, and the guide, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and GAS. Because the determination of waste or abuse is subjective, GAS does not require auditors to perform specific procedures to detect waste or abuse in financial statement audits.

We will communicate to the County Executive and Members of the County Legislature of Jackson County, Missouri (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

We are responsible for the compliance audit of major programs under the Uniform Guidance, including the determination of major programs, the consideration of internal control over compliance, and reporting responsibilities.

Our report(s) on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and regulations identified above. Our report(s) on compliance matters will address material errors, fraud, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and regulations identified above.

We will maintain our independence in accordance with the standards of the American Institute of Certified Public Accountants and GAS.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Management is responsible for:

1. Identifying and ensuring that the County complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations, other than those that are clearly inconsequential;

2. The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the County involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and
3. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the County received in communications from employees, former employees, analysts, regulators, short sellers, vendors, customers or others.

Management is responsible for the preparation of the required supplementary information (RSI) which accounting principles generally accepted in the United States of America (U.S. GAAP) require to be presented to supplement the basic financial statements. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The County Executive and Members of the County Legislature are responsible for informing us of its views about the risks of fraud, waste or abuse within the County, and its knowledge of any fraud, waste or abuse or suspected fraud, waste or abuse affecting the County.

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledges and understands that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP);
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
5. For report distribution; and
6. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including information relevant to disclosures;
 - b. Draft financial statements, including information relevant to their preparation and fair presentation, when needed, to allow for the completion of the audit in accordance with the proposed timeline;
 - c. Additional information that we may request from management for the purpose of the audit; and
 - d. Unrestricted access to persons within the County from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this Arrangement Letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Because the audit will be performed in accordance with the Single Audit Act and the Uniform Guidance, management is responsible for (a) identifying all federal awards received and expended; (b) preparing and the fair presentation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with Uniform

Guidance requirements; (c) internal control over compliance; (d) compliance with federal statutes, regulations, and the terms and conditions of federal awards; (e) making us aware of significant vendor relationships where the vendor is responsible for program compliance; (f) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan; (g) timely and accurate completion of the data collection form and (h) submitting the reporting package and data collection form.

Reporting

We will issue a written report upon completion of our audit of the County's financial statements. Our report will be addressed to the County Executive and Members of the County Legislature of the County. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, or add an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report.

If circumstances arise relating to the condition of the County's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including, but not limited to, declining to express an opinion or issue a report, or withdrawing from the engagement.

In addition to our report on the County's financial statements, we will also issue the following reports:

1. A report on the fairness of the presentation of the County's schedule of expenditures of federal awards for the year ending December 31, 2021;
2. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS;
3. Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance; and
4. An accompanying schedule of findings and questioned costs.

We will prepare the County's Data Collection Form filing with the Federal Audit Clearinghouse, which the County will be required to file. You acknowledge that you have the final responsibility for the filing and, therefore, you should review them carefully before you certify and submit it.

In our connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Records and Assistance

During the course of our engagement, we may accumulate records containing data that should be reflected in the County's books and records. The County will determine that all such data, if necessary, will be so reflected. Accordingly, the County will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by County personnel, including the preparation of schedules and analyses of accounts, has been or will be discussed and coordinated with Bob Crutsinger, Director of Finance & Purchasing. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Nonaudit Services

In connection with our audit, you have requested us to perform certain nonaudit services:

- 1) Preparation assistance of the Financial Statements; and
- 2) Preparation of the Data Collection Form.

GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the County, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services

provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. The County has agreed that the Director of Finance & Purchasing possesses suitable skill, knowledge or experience and that the individual understands the preparation assistance of the financial statements and preparation of the data collection form to be performed sufficiently to oversee them. Accordingly, the management of the County agrees to the following:

1. The County has designated the Interim Director of Finance & Purchasing as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. The Director of Finance & Purchasing will assume all management responsibilities for subject matter and scope of the preparation assistance of the financial statements and preparation of the data collection form;
3. The County will evaluate the adequacy and results of the services performed; and
4. The County accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with the County's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the County's acceptance of its responsibilities, the auditor's responsibilities, and any limitations of the non-audit services. We believe this Arrangement Letter documents that understanding.

Parties' Understandings Concerning Situation Around COVID-19

AGH and the County acknowledge that, at the time of the execution of this Arrangement Letter, federal, state and local governments, both domestic and foreign, have imposed certain restrictions on travel and/or the movement of their citizens due to the ongoing and evolving situation around COVID-19. In addition, like many organizations and companies in the United States and around the globe, AGH has restricted its employees from certain travel and onsite work, whether at a client facility or AGH facility, to protect the health of both AGH's and its clients' employees. Accordingly, to the extent that any of the services described in this Arrangement Letter requires or relies on AGH or County personnel to travel and/or perform work onsite, either at the County's or AGH's facilities, including, but not limited to, maintaining business operations and/or IT infrastructure, AGH and the County acknowledge and agree that the performance of such work may be delayed, significantly or indefinitely, and thus certain services described herein may need to be rescheduled and/or suspended at either AGH's or the County's sole discretion. AGH and the County agree to provide the other with prompt written notice (email will be sufficient) in the event any of the services described herein will need to be rescheduled and/or suspended. AGH and the County also acknowledge and agree that any delays or workarounds due to the situation surrounding COVID-19 may increase the cost of the services described herein. Costs also may increase if services provided include matters such as consideration of going concern, impairment analysis, debt forgiveness or lease concessions, not already considered within the stated fees. AGH will obtain the County's prior written approval (email will be sufficient) for any increase in the cost of AGH services that may result from the situation surrounding COVID-19.

Other Relevant Information

In accordance with GAS, a copy of our most recent peer review report is enclosed for your information.

Use of Subcontractors and Third-Party Products

From time to time and depending upon the circumstances, we may, in our sole discretion, use affiliates of ours or qualified third-party service providers, located within or outside the United States, to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose Confidential Information (as such term is defined below) to them. Those third-party service providers, affiliates of AGH, and AGH International Network Firms we use to assist us in providing services to you are collectively referred to herein as "Subcontractors." You hereby consent to us sharing your information, including Confidential Information, with our Subcontractors on the same basis as we would be permitted to share information with one of our employees; provided that such recipients are bound by written obligations of confidentiality that are as protective of your Confidential Information as the confidentiality terms set forth herein. You acknowledge and agree that: (i) our use of Subcontractors may involve the processing, input, disclosure, movement, transfer, and storage of your information and data outside of our technology infrastructure.

We also may provide services to you using certain third-party hardware, software, software services, managed services (including, but not limited to, web hosting, data security, data back-up, email security, or similar services subject to direct end-user or subscription agreements), applications, and equipment (collectively, Third-Party Products). You acknowledge that your or our use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by you to us, including Personal Information and Confidential Information, within the Third-Party Product's

infrastructure and not ours, and that the terms of use and service set forth in the end-user license, subscription, or other agreement with the licensor of such Third-Party Product, including, but not limited to, applicable laws, will govern all obligations of such licensor relating to data privacy, storage, recovery, security, and processing within such Third-Party Product's infrastructure, as well as, the service levels associated with such Third-Party Product. You hereby consent to the disclosure of your information, including your Confidential Information and Personal Information, to the licensors of such Third-Party Products for the purpose described herein.

You acknowledge that your or our use of Third-Party Products may be subject to limitations, delays, interruptions, errors, and other problems which are beyond our control, including, without limitation, internet outage or lack of availability related to updates, upgrades, patches, fixes, maintenance, or other issues. We will not be liable for any delays, delivery failures, or other losses or damages resulting from such issues. Nor will we be held responsible or liable for any loss, or unauthorized use or disclosure, of any information or data provided by you, including, without limitation, Personal Information provided by you, resulting from your or our use of a Third-Party Product.

Use and Ownership; Access to Audit Documentation

The Audit Documentation for this engagement is the property of AGH. For the purposes of this Arrangement Letter, the term "Audit Documentation" shall mean the confidential and proprietary records of AGH's audit procedures performed, relevant audit evidence obtained, other audit-related workpapers, and conclusions reached. Audit Documentation shall not include custom-developed documents, data, reports, analyses, recommendations, and deliverables authored or prepared by AGH for the County under this Arrangement Letter, or any documents belonging to the County or furnished to AGH by the County.

Review of Audit Documentation by a successor auditor or as part of due diligence is subject to applicable AGH policies, and will be agreed to, accounted for and billed separately. Any such access to our Audit Documentation is subject to a successor auditor signing an Access & Release Letter substantially in AGH's form. AGH reserves the right to decline a successor auditor's request to review our workpapers.

In the event we are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the County, the County 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.

You acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the Audit Documentation upon their request and that we shall maintain the Audit Documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to the requested Audit Documentation will be provided under the supervision of AGH audit personnel and at a location designated by our firm.

Indemnification, Limitation of Liability, and Claim Resolution

Because AGH will rely on the County and its management and County Executive and Members of the County Legislature to discharge the foregoing responsibilities, to the extent permitted by Missouri law the County agrees to indemnify, hold harmless and release AGH and its partners, principals, officers, directors, employees, affiliates, subsidiaries, contractors, Subcontractors, agents, representatives, successors, or assigns from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of the County's management.

THE COUNTY AND AGH AGREE THAT NO CLAIM ARISING OUT OF, FROM, OR RELATING TO THE SERVICES RENDERED PURSUANT TO THIS ARRANGEMENT LETTER SHALL BE FILED MORE THAN TWO YEARS AFTER THE DATE OF THE AUDIT REPORT ISSUED BY AGH OR THE DATE OF THIS ARRANGEMENT LETTER IF NO REPORT HAS BEEN ISSUED. IN NO EVENT SHALL AGH OR THE COUNTY, OR ANY OF THEIR RESPECTIVE PARTNERS, PRINCIPALS, OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES, SUBSIDIARIES, CONTRACTORS, SUBCONTRACTORS, AGENTS, REPRESENTATIVES, SUCCESSORS, OR ASSIGNS (COLLECTIVELY, THE COVERED PARTIES AND EACH INDIVIDUALLY, A COVERED PARTY), BE LIABLE FOR THE INTERRUPTION OR LOSS OF BUSINESS, ANY LOST PROFITS, SAVINGS, REVENUE, GOODWILL, SOFTWARE, HARDWARE, OR DATA, OR THE LOSS OF USE THEREOF (REGARDLESS OF WHETHER SUCH LOSSES ARE DEEMED DIRECT DAMAGES), OR INCIDENTAL, INDIRECT, PUNITIVE, CONSEQUENTIAL, SPECIAL, EXEMPLARY, OR SIMILAR SUCH DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, THE TOTAL AGGREGATE LIABILITY OF THE COVERED PARTIES ARISING OUT OF, FROM, OR RELATING TO THIS ARRANGEMENT LETTER, OR THE REPORT ISSUED OR SERVICES PROVIDED HEREUNDER, REGARDLESS OF THE CIRCUMSTANCES OR NATURE OR TYPE OF CLAIM, INCLUDING, WITHOUT LIMITATION, CLAIMS ARISING FROM A COVERED PARTY'S NEGLIGENCE OR BREACH OF CONTRACT OR WARRANTY, OR RELATING TO OR ARISING FROM A GOVERNMENT, REGULATORY OR ENFORCEMENT ACTION, INVESTIGATION, PROCEEDING, OR FINE, WILL NOT EXCEED THE TOTAL AMOUNT OF THE FEES PAID BY THE COUNTY TO AGH UNDER THIS

ARRANGEMENT LETTER. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS LIMITATION OF LIABILITY PROVISION SHALL, OR SHALL BE INTERPRETED OR CONSTRUED TO, RELIEVE THE COUNTY OF ITS PAYMENT OBLIGATIONS TO AGH UNDER THIS ARRANGEMENT LETTER.

Confidentiality

AGH and the County may, from time to time, disclose Confidential Information (as defined below) to one another. Accordingly, AGH and the County agree as the recipient of such Confidential Information (Receiving Party) to keep strictly confidential all Confidential Information provided to it by the disclosing party (Disclosing Party) and use, modify, store, and copy such Confidential Information only as necessary to perform its obligations and exercise its rights under this Arrangement Letter and for no other purpose or use. Except as otherwise set forth herein, the Receiving Party may only disclose the Confidential Information of the Disclosing Party to its personnel, agents, and representatives who are subject to obligations of confidentiality at least as restrictive as those set forth herein and only for the purpose of exercising its rights and fulfilling its obligations hereunder. To avoid any doubt, AGH is permitted to disclose the County's Confidential Information to AGH's personnel, agents, and representatives for the purpose of maintaining compliance with applicable laws and professional, regulatory, and/or ethical standards.

As used herein, "Confidential Information" means, information in any form, oral, graphic, written, electronic, machine-readable or hard copy consisting of: (i) any nonpublic information provided by the Disclosing Party, including, but not limited to, all of its inventions, designs, data, source and object code, programs, program interfaces, know-how, trade secrets, techniques, ideas, discoveries, marketing and business plans, pricing, profit margins and/or similar information; (ii) any information that the Disclosing Party identifies as confidential; or (iii) any information that, by its very nature, a person in the same or similar circumstances would understand should be treated as confidential, including, but not limited to, this Arrangement Letter.

As used herein, the term "Confidential Information" will not include information that: (i) is publicly available at the time of disclosure by the Disclosing Party; (ii) becomes publicly available by publication or otherwise after disclosure by the Disclosing Party, other than by breach of the confidentiality obligations set forth herein by the Receiving Party; (iii) was lawfully in the Receiving Party's possession, without restriction as to confidentiality or use, at the time of disclosure by the Disclosing Party; (iv) is provided to the Receiving Party without restriction as to confidentiality or use by a third party without violation of any obligation to the Disclosing Party; or (v) is independently developed by employees or agents of the Receiving Party who did not access or use the Confidential Information.

The Receiving Party will treat the Disclosing Party's Confidential Information with the same degree of care as the Receiving Party treats its own confidential and proprietary information, but in no event will such standard of care be less than a reasonable standard of care. The Receiving Party will promptly notify the Disclosing Party if it becomes aware that any of the Confidential Information of the Disclosing Party has been used or disclosed in violation of this Arrangement Letter.

Notwithstanding the foregoing, in the event that the Receiving Party becomes legally compelled to disclose any of the Confidential Information of the Disclosing Party, or as may be required by applicable regulations or professional standards, the Receiving Party will use commercially reasonable efforts to provide the Disclosing Party with notice prior to disclosure, to the extent permitted by law.

All of the County's obligations under this section of the Arrangement Letter are subject to the provisions of the Missouri Open Records Act, chapter 610, RSMo.

Preexisting Nondisclosure Agreements

In the event that the parties have executed a separate nondisclosure agreement and such agreement does not automatically terminate or expire upon execution of this Arrangement Letter, such agreement shall be terminated as of the effective date of this Arrangement Letter.

Data Protection Compliance

We take reasonable steps to comply with privacy, cybersecurity, and data protection laws that may apply to Personal Information and Confidential Information we process on behalf of our clients.

AGH and the County acknowledge and agree that they may correspond or convey information and documentation, including Confidential Information and Personal Information, via various forms of electronic transmission, including, but not limited to, Third-Party Products, such as, email, FTP and cloud-based sharing and hosting applications (e.g., portals, data analytics tools, and helpdesk and support ticketing applications), and that neither party has control over the performance, operation, reliability, availability, or security of these electronic transmissions methods. Therefore, neither party will be liable for any loss, damage, expense, harm, disclosure or inconvenience resulting from the loss, delay, interception, corruption, unauthorized disclosure, or alteration of any electronic transmission where the party has used commercially reasonable efforts to protect such information.

We offer our clients various platforms for the exchange of information. You hereby agree that you shall be bound by and comply with any and all user terms and conditions made available (whether by link, click-through, or otherwise) with respect to such platforms.

Personal Information

As used herein, the term "Personal Information" means any personal information that directly or indirectly identifies a natural person as may be defined by applicable privacy, data protection or cybersecurity laws, and includes, but is not limited to, nonpublic, personally identifiable information such as Social Security numbers, Social Insurance numbers, driver's license numbers or state- or province-issued identification card numbers, credit or debit card numbers with or without any required security code, number or passwords, health information, and other personal information as defined by applicable laws, whether of the County or the County's customers or other third parties.

Each party agrees that it will not transmit to the other, in any manner, (i) Personal Information that is not needed to render the services hereunder, and (ii) Personal Information that has not been encrypted. In the event you transmit to us Personal Information in an unencrypted format or via unencrypted means, you agree that we have no obligation to notify you of the foregoing.

You represent and warrant that you have provided all notices and obtained all consents required under applicable data protection laws prior to your collection, use and disclosure to us or our Subcontractors of such Personal Information and shall take reasonable steps to ensure that such Personal Information does not include irrelevant or unnecessary information about individuals.

We will use all such County-provided Personal Information, if at all, only for the purposes described in this Arrangement Letter. The parties agree that as part of the performance of the services as described in this Arrangement Letter, and as part of the direct business relationship between the parties, we may, at our election, use the Personal Information to improve the services and for other similar internal and business purposes. We agree to maintain appropriate security measures to protect such Personal Information in accordance with applicable laws.

If we become aware of an unauthorized acquisition or use of County-provided Personal Information, we will promptly inform you of such unauthorized acquisition or use as required by applicable laws and, upon your written request, reasonably cooperate with you at your sole cost in support of any breach notification requirements as imposed upon you by applicable laws.

Retention of Records

We will return to you all original records you provide to us in connection with this engagement. Further, in addition to providing you with those deliverables set forth in this Arrangement Letter, we will provide to you a copy of any records we prepare or accumulate in connection with such deliverables which are not otherwise reflected in your books and records without which your books and records would be incomplete. You have the sole responsibility for retaining and maintaining in your possession or custody all of your financial and nonfinancial records related to this engagement. We will not host, and will not accept responsibility to host, any of your records. We, however, may maintain a copy of any records of yours necessary for us to comply with applicable law and/or professional standards. Any such records retained by us will be subject to the confidentiality obligations set forth herein and destroyed in accordance with our record retention policies.

Termination

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Arrangement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Arrangement Letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Arrangement Letter.

When an engagement has been suspended at the request of management [or those charged with governance] and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Arrangement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Arrangement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Arrangement Letter will no longer apply. In order for us to recommence work, the execution of a new Arrangement Letter will be required.

We may terminate this Arrangement Letter upon written notice if we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards.

The parties agree that those provisions of this Arrangement Letter which, by their context, are intended to survive, including, but not limited to, payment, limitations on liability, claim resolution, use and ownership, and confidentiality obligations, shall survive the termination of this Arrangement Letter.

Miscellaneous

We may mention your name and provide a general description of the engagement in our client lists and marketing materials.

You have informed us that you may issue public debt in the future and that you may include our report on your financial statements in the offering statement. You have further informed us that you do not intend for us to be associated with the proposed offering.

We agree that our association with any proposed offering is not necessary, providing the County agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. The County agrees that the following disclosure will be prominently displayed in any such official statement or memorandum:

Allen, Gibbs & Houlik, L.C. (AGH), our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. AGH also has not performed any procedures relating to this official statement or memorandum.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, you agree to compensate us for any additional costs incurred as a result of your employment of one of our partners, principals or employees.

Both parties to this agreement have made a substantial investment in their respective employees and depend upon them to generate future profits. Because of this, we agree that neither party (including related affiliates) shall hire, nor solicit for hire, any person employed by the other during the term of the service relationship and for a period of one year after the termination of services. Since our professional standards require that we perform certain additional procedures, on current and previous years engagements, whenever a shareholder or professional employee leaves AGH and is subsequently employed by or associated with the County, the County agrees it will compensate AGH for any additional costs incurred as a result of the County's employment of a shareholder or professional employee of AGH.

Dispute Resolution

We agree that any dispute arising out of, or relating to, this agreement or an interpretation of this agreement that we are not able to resolve ourselves shall be submitted to mediation under the American Arbitration Association's ("*AAA*") *Accounting and Related Services Arbitration Rules and Mediation Procedures* before resorting to arbitration, litigation or some other dispute resolution procedure. The mediator will be selected by mutual agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the AAA. The mediation will be conducted in the State of Kansas. The mediation will be treated as a settlement discussion and, therefore, all discussions during the mediation will be confidential. The mediator may not testify for either party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceedings. Costs and expenses of the mediation shall be borne equally by each of us. Any costs of legal representation shall be borne by the hiring party. If the mediation does not result in an agreement acceptable to all sides, any party may take such other further action as he, she, or it deems advisable under law or equity.

Governing Law

This Arrangement Letter, including, without limitation, its validity, interpretation, construction, and enforceability, and any dispute, litigation, suit, action, claim, or other legal proceeding arising out of, from, or relating in any way to this Arrangement Letter, any provisions herein, a report issued or the services provided hereunder, will be governed and construed in accordance with the laws of the State of Missouri, without regard to its conflict of law principles, and applicable U.S. federal law.

Entire Agreement

If any term or provision of this Arrangement Letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

This Arrangement Letter may be amended or modified only by a written instrument executed by both parties.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this Arrangement Letter or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (a) to be "written" or "in writing," (b) to have been signed and (c) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (a) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (b) an electronic copy of a traditional signature affixed to a document, (c) a signature incorporated into a document utilizing touchscreen capabilities or (d) a digital signature. This Arrangement Letter may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Please sign and return a copy of this Arrangement Letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

**Recommendation Letter
Exhibit A**

Jackson County, Missouri
Analysis of Pricing for RFP 80-21, Auditing Services

COUNTY AUDIT

	<u>AGH</u>	<u>BKD*</u>	<u>CLA**</u>	<u>RSM***</u>	<u>RubinBrown****</u>
Audit Year 2021 \$	123,000	130,750	123,900	149,000	154,000
Audit Year 2022	128,000	134,750	128,100	153,000	158,620
Audit Year 2023	133,850	138,750	132,300	157,000	166,550
Audit Year 2024	140,640	144,300	136,500	161,500	171,550
Total \$	<u>525,490</u>	<u>548,550</u>	<u>520,800</u>	<u>620,500</u>	<u>650,720</u>
Additional Fund \$	-	5,500-7,500	3,000	5,000	10,000

GRANT AUDIT

	<u>AGH</u>	<u>BKD*</u>	<u>CLA**</u>	<u>RSM***</u>	<u>RubinBrown****</u>
Audit Year 2021 \$	12,000	11,225	21,000	24,500	
Audit Year 2022	12,500	11,550	21,000	25,000	
Audit Year 2023	13,000	11,900	22,050	25,500	
Audit Year 2024	13,500	12,400	22,050	26,000	
Total \$	<u>51,000</u>	<u>47,075</u>	<u>86,100</u>	<u>101,000</u>	<u>-</u>
Additional Program \$	6,000	4,500-6,000	5,000	6,000	10,000

TOTAL COST

(excl. add'l fund/ program) \$	<u>AGH</u>	<u>BKD*</u>	<u>CLA**</u>	<u>RSM***</u>	<u>RubinBrown****</u>
	576,490	595,625	606,900	721,500	650,720

* Fee includes a 4% administrative fee.

** Fee includes a 5% technology and client support fee. The price submitted for the grant audit in response to the RFP only included two major programs, instead of three as requested in the RFP. The grant audit prices have been adjusted \$5,250 per year (\$5,000 for an additional program and \$250 for the technology and client support fee) to include a third major grant program.

*** Fee includes a 3% administrative fee.

**** Fees for each additional fund/program will increase by 4% each of the subsequent three years. The Single Audit fee is included with the county audit fee.

Jackson County, MO --- Evaluation Scoring Sheet - Summary
RFP 80-21 --- Auditing Services

Recommendation Letter
 Exhibit B

Criteria & Scoring	Respondent Name				
	AGH	BKD	CLA	RSM	RubinBrown
Section 1: Respondent Capability and Governmental Audit Experience (65%)					
1. a.) Response to RFP (5%)	5.00	4.00	5.00	4.00	5.00
1. b.) Governmental Audit Experience (30%)	28.38	28.63	26.75	28.63	29.13
1. c.) Audit Approach (15%)	13.88	12.88	11.88	12.13	14.63
1. d.) Qualifications of Staff (15%)	14.13	14.13	13.13	14.25	14.13
Total Points - Section 1	61.38	59.63	56.75	59.00	62.88
Section 2: References (10%)	9.13	9.25	9.50	9.50	9.75
Section 3: Pricing (25%)	25.00	23.00	22.00	9.00	17.00
Respondent Total - All Sections	95.50	91.88	88.25	77.50	89.63

Request for Proposals No. 80-21
 Auditing Services
 Opens: 2 PM CST 1/18/22

NO	DESCRIPTION	UNIT	QTY	BKD AMOUNT Kansas City, MO	CLA AMOUNT St. Joseph MO	Rubin Brown AMOUNT Kansas City, MO	RSM AMOUNT Kansas City, MO	AGH AMOUNT Overland Park Kansas
				See bid	See bid	See bid	See bid	See bid

CERTIFICATION OF BID OPENING
 BIDS WERE PUBLICLY
 OPENED AND RECORDED
 ON January 18, 2022, BY
Leslie H. Rowland
 CLERK OF THE LEGISLATURE
Barbara J. Farnsworth
 PURCHASING

Request for Proposals No. 80-21
Auditing Services
Opens: 2 PM CST 1/18/22

Allen, Gibbs
& Houlik
Wichita, KS

NO	DESCRIPTION	UNIT	QTY	AMOUNT	AMOUNT	AMOUNT	AMOUNT
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see bid

CERTIFICATION OF BID OPENING
BIDS WERE PUBLICLY
OPENED AND RECORDED

ON: January 18, 2022, BY
Yvett H. Gauland
CLERK OF THE LEGISLATURE
Theresa Wood Johnson
PURCHASING