

**COPY**



**REQUEST FOR PROPOSALS**

**CITY OF BELLE ISLE, FLORIDA**

**FOR THE FISCAL YEARS ENDING**

**SEPTEMBER 30, 2018, 2019 AND 2020**

**With the option of three one year extensions**

**RFP: #2018-20 - AUDIT SERVICES**

**September 13, 2018**

**Submitted by:**

**MCDIRMIT  DAVIS**  
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

**934 NORTH MAGNOLIA AVENUE  
SUITE 100  
ORLANDO, FLORIDA 32803  
(407) 843-5406**

**CONTACT: KELLY LEARY, C.P.A.**

[kleary@mcdirmitdavis.com](mailto:kleary@mcdirmitdavis.com)  
[www.mcdirmitdavis.com](http://www.mcdirmitdavis.com)

**PROPOSAL FOR AUDIT SERVICES TO  
THE CITY OF BELLE ISLE, FLORIDA**

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September 13, 2018

Bob Francis, City Manager  
*City of Belle Isle, Florida*  
1600 Nela Avenue  
Belle Isle, FL 32809

Thank you for the opportunity to submit our qualifications and experience to serve as independent auditors of the *City of Belle Isle, Florida*. The accompanying proposal will provide you detailed information regarding the scope of services to be provided, as well as a profile of the firm, the individuals who will serve you, our qualifications and experience, and representative clients, including specific references.

It is our understanding that we will provide the following services:

1. Financial audit as defined in Sec. 11.45(l)(b), Florida Statutes, of the basic financial statements of the *City of Belle Isle, Florida* for the fiscal years ending September 30, 2018, 2019 and 2020, with the option of three one year renewals. We will commit to maintain staff required to conclude the audits within the time constraints indicated in the RFP.
2. The audit will be performed in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Rules of the Auditor General of the State of Florida, and the Florida Single Audit Act and the Uniform Guidance, if applicable. The audit will also be performed in accordance with the AICPA Audit Guide *Audits of State and Local Governmental Units*.
3. The audit will be conducted at the combined level and shall include evaluation and testing of internal controls and compliance in accordance with *Government Auditing Standards*.

We believe we are the best-qualified firm to perform the engagement for the following reasons:

- We presently audit eighteen (18) municipalities and have an excellent working knowledge of generally accepted accounting principles related to governmental entities. We assist in the preparation of the CAFR for most of these municipalities.
- We have assisted eleven municipalities in receiving the GFOA "Certificate of Achievement for Excellence in Financial Reporting". Most of these municipalities have been receiving the "Certificate of Achievement" for between ten and thirty years. Tammy Campbell is active as a national review team member of the GFOA's "Certificate of Achievement for Excellence in Financial Reporting" program. As a review team member, she reviews and evaluates financial reports submitted by cities and counties to determine whether the financial reports meet the stringent requirements to receive the GFOA'S prestigious award. Her participation as a reviewer demonstrates her expertise in governmental accounting and auditing.

MCDIRMIT DAVIS & COMPANY, LLC

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803  
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

- We have strong information technology ability and will input the City's general ledger balances into our ProSystem fx Engagement software and perform a virtually "paperless" audit. The City's audited financial statements are linked to the general ledger; therefore, the likelihood of errors is reduced.
- We have recent and continuous experience, and have devoted a great deal of our continuing education to the governmental auditing and accounting field. Our firm meets the independence and education requirements of the *Government Auditing Standards* issued by the Comptroller General of the United States. Our firm is independent of the *City of Belle Isle* as defined by *Government Auditing Standards*.
- We believe in continuing client contact throughout the year, not just during the audit. We encourage on-going client contact by not charging any fee for phone calls.
- We are members of the American and Florida Institutes of Certified Public Accountants and an Associate member of the Governmental Finance Officers Association. Our firm is active in governmental organizations throughout Central Florida and serves on governmental committees of the Florida Institute of CPA's.
- We are a local firm with personnel committed to quality and professional performance, accustomed to providing a high level of client satisfaction. We believe that our firm is part of a team effort to assist the City in developing the best financial reporting possible.
- We have a history of continuity of personnel assigned to the engagement. Our single office firm and low personnel turnover assures uninterrupted services from our partners and staff. We have a staff of 30 people and 10 of those are governmental audit staff.
- We do not discriminate on the basis of race, color, sex, religion, disability, national origin, ancestry, sexual orientation, familial status, age, or any other protected characteristic as established in the Equal Employment Opportunity law.
- As the current auditors of the City, we are knowledgeable of the City's history, policies and procedures.

Because of our unique qualifications and a philosophy based on complete dedication to client service, we feel confident that we can provide you with responsiveness and a range of experience that will best serve your needs.

All terms and conditions contained in the RFP are accepted by McDirmit Davis and Company, LLC.

Either Ms. Tammy Campbell, partner, or Ms. Kelly Leary, partner, is authorized to represent the firm and may be contacted at 934 North Magnolia Avenue, Suite 100, Orlando, Florida 32803, or phone (407) 843-5406.

We would consider it a privilege to continue to serve as independent auditors for the *City of Belle Isle, Florida*.

Sincerely,

McDIRMIT DAVIS & COMPANY, LLC



Kelly Leary, C.P.A.

## Company Background

### Description and History of Audit Firm

McDirmitt Davis & Company, LLC was incorporated in the State of Florida in August 1984 and serves Central Florida from its centrally located office in Orlando, Florida. The partners have over 50 years of combined experience in public accounting, and our firm has grown to be ranked as one of the top 20 accounting firms in Central Florida by the Orlando Business Journal.

Our firm now consists of the following staff:

Partners	4
Managers	4
Seniors	4
Staff Accountants/Paraprofessionals	12
Support Staff	5
Information Systems	
Technology Staff	<u>1</u>
	<u>30</u>

The total number of governmental audit staff is ten (10). We are members of the American and Florida Institutes of Certified Public Accountants and an associate member of the Governmental Finance Officers Association. We are also a member of the Governmental Audit Quality Center.

Our firm has a wide range of clients providing both goods and services in the Central Florida area. Our practice encompasses auditing, accounting, management advisory and tax services. A list of all governmental clients audited by us for the fiscal years 2012-2017 is as follows:

- City of Belle Isle, Florida\*
- City of Clermont, Florida\*
- City of Fruitland Park, Florida
- City of Groveland, Florida
- City of Inverness, Florida
- City of Lake Mary, Florida\*
- City of Longwood, Florida\*
- City of Mascotte, Florida
- City of Minneola, Florida
- Town of Montverde, Florida
- City of Ocoee, Florida\*
- City of Orange City, Florida\*
- City of Oviedo, Florida\*
- City of Tavares, Florida\*
- City of Umatilla, Florida\*
- City of Winter Springs, Florida \*
- Town of Windermere, Florida
- City of Maitland, Florida\*



• These entities are presently clients of McDirmitt Davis & Company, LLC

\* These entities participate in the Certificate of Achievement for Excellence in Financial Reporting program.

## Engagement Team

The following supervisory people will work on the audit:

- Tammy Campbell, C.P.A., engagement partner
- Kelly Leary, C.P.A., review partner
- Matthew Lee, C.P.A., audit manager and team leader
- Ehab Azer, C.P.A., grant specialist



All of the above people have considerable experience on governmental audit engagements. Resumes detailing their experience follow on pages 7 through 10. All supervisory personnel assigned to the audit are Certified Public Accountants. The engagement partner and audit manager will be assigned to audit on a full-time basis. Matthew Lee will be the audit team leader and serve as the City's principal contact during the audit engagement. Tammy Campbell will supervise all fieldwork, and also be available during the audit engagement. Kelly Leary will serve as the review partner and technical reviewer to evaluate compliance with all standards. Ehab Azer will serve as the grant specialist and assist with any single audit, if required.

The professional staff of our firm has been conducting governmental audits in the Central Florida area for the past thirty years. We are experienced auditors in a variety of industries and offer experience in auditing federal grants under the Single Audit Act and performing compliance audits of state grants. All supervisory staff assigned to the engagement have significant experience performing both federal and state single audits for municipalities. Our policy is to assign staff accountants to the same city audit each year, but rotate the areas they work on. We will notify the City prior to assigning new staff to the audit.

## License to Practice in Florida

Our Firm and all key professional staff are properly licensed to practice in the state of Florida. In addition, our Firm and all assigned key personnel are in good standing with the Florida Board of Accountancy. Below is a list of assigned key personnel and their Florida CPA License Number. We can provide a copy of actual License, if requested.

<u>Name</u>	<u>Florida CPA License Number</u>
McDermitt, Davis & Company	AD0021084
Kelly D. Leary	AC0011986
Tammy Campbell	AC39760
Matthew Lee	AC46510
Ehab Azer	AC41007

## External Quality Control Review

Our Firm understands the importance of developing a formal quality control program, and therefore have been a member of the Private Companies Practice Section of the American Institute of Certified Public Accountants since 1985. We are also members of the **Governmental Audit Quality Center of the American Institute of Certified Public Accountants**. Member firms are required to adhere to quality control standards established by the AICPA Quality Control Standards Committee and to submit to peer reviews of the firm's accounting and audit practice. Peer reviews are intensive reviews of a firm's quality control system by an independent CPA firm. Each peer review has included a review of a local governmental entity. We received an unmodified opinion on each review, which represents the best opinion that a firm can receive.



### External Quality Control Review - Continued

On our most recent peer review performed in 2017, we received a peer review rating of “pass”, which is the highest rating that a firm can receive under the revised peer review standards. We have never been subject to any litigation or disciplinary actions by a client, the State or any professional organization for substandard field work. A copy of our firm’s most recent peer review report follows this page. This peer review included a review of two governmental engagements, and it should be noted that there were no findings as a result of this review. We have never withdrawn from an engagement prior to the agreed expiration date.

### Other Services Provided

Our experience in governmental auditing has led to the development of efficient procedures that provide various client benefits. Our services provide our clients with a wide range of knowledge, confidence, and helpful management advice. Below is a listing of the type of other services that we have provided to governmental clients.

1. Assistance in preparation of Comprehensive Annual Financial Reports for recognition by the Government Finance Officers Certificate of Achievement Program.
2. Internal audit services.
3. Issuance of Comfort Letters and Consent Letters in conjunction with the issuance of tax-exempt bonds.
4. Assistance on early implementation of new GASB Statements.
5. Assisting in compiling historical financial data for first-time submissions for GFOA Certificate of Achievement for Excellence in Financial Reporting.
6. Detailed internal control studies and evaluations of accounting systems.

### Legal Settlements

McDermitt Davis had not had any legal settlements within the last two years, or any pending or threatened legal actions related to audit services.

### Involvement with the City

The only personal, business, investment or family relationships with the City, City officials or appointed employees is serving as the City’s Independent auditor.

## Continuing Education

McDermitt Davis & Company, LLC is committed to the personal and professional growth of its staff. Our firm requires an annual minimum of 40 hours of continuing professional education for each staff member.

Our governmental audit staff complies with the continuing education requirements of the State of Florida, the Governmental Accountability Office (GAO), and *Governmental Auditing Standards* (Yellow Book). Therefore at least 24 hours during a 2 year period must be in subjects directly related to the government environment and to governmental auditing. Our governmental audit staff always exceed this requirement since they attend each year the FGFOA Annual Conference which provides 22 hours of training in governmental accounting and auditing.



As a result of our governmental experience, our staff has taught classes or lectured on various topics. We offer "in-house" education courses for our staff, which at times, our clients have attended. In addition, we would be happy to teach seminars for the benefit of the City's accounting staff.

## Information Technology

Our firm has one dedicated Information Technology specialist who has several years experience in setting up and administering computer systems and networks of all sizes. In addition, all ten governmental audit personnel are experienced with various governmental software programs. We utilize automated, paperless auditing software which stores all trial balances and audit workpapers electronically. We also use Data Analysis Software, which enables us to obtain 100% of selected data and test "through your computer system."

One of the services we provide our clients is CLIENT PORTAL. This is a convenient online storage space in which files can be effortlessly uploaded, downloaded, stored and shared in a safe and secure environment. We understand that every business has different requirements when it comes to IT systems. To help you find the best IT system to suit your needs, our IT Specialist is available to evaluate your network and recommend a comprehensive solution.

## Records Retention

Our firm maintains records in accordance with local, state, and Federal Public Records Retention Requirements.



## Resume - Kelly D. Leary, CPA

### Review Partner



#### **Education, Certifications, and Licenses**

- B.S. Degree in Accounting, University of Hawaii
- CPA, Certified Public Accountant - Florida, 1983
- CPA, Certified Public Accountant - California, 1980

#### **Affiliations and Community Involvement**

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Florida Government Finance Officers Association (FGFOA)
- FICPA State and Local Government Committee
- Board of Directors of Fairwinds Credit Union

#### **Continuing Professional Education**

Kelly has completed over 120 hours of Continuing Professional Education (CPE) in the area of governmental accounting and auditing within the past three years and meets the requirements of *Governmental Auditing Standards*. CPE includes classes on Single Audits, *Government Auditing Standards* (the "Yellow Book") and changes in governmental accounting principles.

#### **Experience**

- Kelly has 31 years of governmental accounting and auditing experience and has been with McDirmit Davis and Company since 1991. She has significant experience in the audits of governmental and not-for-profit entities, including those subject to Federal and Florida Single Audit requirements.
- She has written articles for the magazine Florida CPA Today relating to governmental pension plans and single audits.
- For many years she has been on a subcommittee that has revised Compliance Auditing in Florida, an FICPA Practice Aid.
- She has assisted municipalities with the issuance of comfort letter and consent letters in conjunction with the issuance of tax-exempt bonds.

#### **Governmental Audit Experience (Past 5 years)**

- |   |                                  |
|---|----------------------------------|
| • City of Winter Springs                  | • City of Lake Mary              |
| • City of Oviedo                          | • City of Tavares                |
| • City of Umatilla                        | • City of Belle Isle             |
| • City of Ocoee                           | • City of Clermont               |
| • City of Longwood                        | • City of Mascotte               |
| • City of Maitland                        | • Town of Windermere             |
| • City of Orange City                     | • City of Inverness              |
| • City of Minneola                        | • City of Montverde              |
| • City of Fruitland Park                  | • St. Johns Improvement District |
| • Various Community Development Districts |                                  |

## **Resume - Tammy Campbell, CPA**

### **Engagement Partner**



#### **Education, Certifications, and Licenses**

- B.S. Degree in Accounting, University of Central Florida
- Masters in Taxation, University of Central Florida
- CPA, Certified Public Accountant - Florida, 2007

#### **Affiliations and Community Involvement**

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Florida Government Finance Officers Association (FGFOA)
- Reviewer for GFOA's "Certificate of Achievement for Excellence in Financial Reporting" program
- Member of the Orange County School Board Audit Advisory Committee

#### **Continuing Professional Education**

Tammy has completed over 120 hours of Continuing Professional Education (CPE) in the area of governmental accounting and auditing within the past three years and meets the requirements of *Governmental Auditing Standards (the "Yellow Book")*. CPE included classes on Single Audits, the *Yellow Book*, and changes in governmental accounting principles, such as GASBS 67 and 68 on pension plans.

#### **Experience**

- Tammy has fourteen (14) years of governmental accounting and auditing experience, including municipalities, community development districts and airport authorities.
- Her experience has included planning, fieldwork, and preparation of comprehensive annual financial reports for several governmental audit engagements.
- Tammy has worked with all municipalities in the CAFR preparation process, including assisting most cities with obtaining the GFOA Certificate of Achievement.

#### **Governmental Audit Experience (Past 5 years)**

- **Over 60 Community Development Districts**
- City of Umatilla
- City of Clermont
- City of Oviedo
- City of Lake Mary
- City of Ocoee
- City of Tavares
- City of Minneola
- City of Orange City
- City of Fruitland Park
- St. Johns Improvement District
- Town of Windermere
- City of Longwood
- City of Belle Isle
- City of Winter Springs
- City of Maitland
- City of Mascotte
- Homosassa Water District
- City of Inverness
- Town of Montverde



## **Resume - Matthew Lee, CPA**

### **Audit Manager**

#### **Education, Certifications, and Licenses**

- Master of Science in Accounting, University of Central Florida
- Master of Public Administration, University of Central Florida
- B.S. in Public Administration, University of Central Florida
- CPA, Certified Public Accountant - Florida

#### **Affiliations and Community Involvement**

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Florida Government Finance Officers Association (FGFOA)

#### **Continuing Professional Education**

Matthew has completed over 120 hours of Continuing Professional Education (CPE) in the area of governmental accounting and auditing within the past three years and meets the requirements of *Governmental Auditing Standards*.

#### **Experience**

- Matthew has 5 years of governmental accounting and auditing experience.
- He has significant experience in the audits of governmental and not-for-profit entities, including those subject to Federal and Florida Single Audit requirements.

#### **Governmental Audit Experience (Past 5 years)**

- |                                    |                      |
|------------------------------------|----------------------|
| • City of Ocoee                    | • Town of Windermere |
| • City of Clermont                 | • City of Longwood   |
| • City of Oviedo                   | • City of Belle Isle |
| • City of Winter Springs           | • City of Tavares    |
| • Town of Montverde                | • City of Groveland  |
| • Sun 'N Lake Improvement District | • City of Umatilla   |

## **Resume - Ehab Azer, CPA**

### **Grant Specialist/Audit Manager**

#### **Education, Certifications, and Licenses**

- B.S. Degree in Accounting, University of Alexandria
- CPA, Certified Public Accountant - Florida

#### **Affiliations and Community Involvement**

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Florida Government Finance Officers Association (FGFOA)
- Member Seminole County Chamber of Commerce, Economic Development Committee

#### **Continuing Professional Education**

Ehab has completed over 120 hours of Continuing Professional Education (CPE) in the area of governmental accounting and auditing within the past three years and meets the requirements of *Governmental Auditing Standards*.

#### **Experience**

- Ehab joined McDirmit Davis and Company, LLC in 2018 with over 16 years of governmental accounting and auditing experience.
- He has significant experience in the audits of governmental and not-for-profit entities, including those subject to Federal and Florida Single Audit requirements.
- Ehab has performed audits on over 30 governmental entities subject to government auditing standards and federal and state single audit requirements.

**References of Governmental Accounting Experience:**

<u>Principal Client Contact</u>	<u>Scope of Work</u>	<u>Years</u>
<b>City of Clermont, Florida</b>		
<p>Mr. Joe Van Zile, Finance Director</p> <p>685 W. Montrose Street Clermont, FL 34711 (352) 241-7369 <a href="mailto:jvanzile@clermontfl.org">jvanzile@clermontfl.org</a></p>	<ul style="list-style-type: none"> <li>• Annual Financial &amp; Compliance Audit (Single Audit) and preparation of CAFR</li> <li>• Received GFOA's "Certificate of Achievement"</li> </ul>	1998 to Present
<b>City of Lake Mary, Florida</b>		
<p>Ms. Jackie Sova, City Manager</p> <p>100 N. Country Club Road Lake Mary, FL 32749 (407) 585-1409 <a href="mailto:jsova@lakemaryfl.com">jsova@lakemaryfl.com</a></p>	<ul style="list-style-type: none"> <li>• Annual Financial &amp; Compliance Audit</li> <li>• Received GFOA's "Certificate of Achievement"</li> </ul>	1997 to Present
<b>City of Winter Springs, Florida</b>		
<p>Mr. Shawn Boyle, Finance Director</p> <p>1126 E. State Road 434 Winter Springs, FL 32708 (407) 971-5544 <a href="mailto:sboyle@winterspringsfl.org">sboyle@winterspringsfl.org</a></p>	<ul style="list-style-type: none"> <li>• Annual Financial &amp; Compliance Audit and preparation of CAFR</li> <li>• Received GFOA's "Certificate of Achievement"</li> </ul>	2000 to Present
<b>City of Oviedo, Florida</b>		
<p>Mr. Jerry Boop, Finance Director</p> <p>400 Alexandria Blvd. Oviedo, FL 32765 (407) 971-5544 <a href="mailto:jboop@cityofoviedo.net">jboop@cityofoviedo.net</a></p>	<ul style="list-style-type: none"> <li>• Annual Financial &amp; Compliance Audit and preparation of CAFR</li> <li>• Received GFOA's "Certificate of Achievement"</li> </ul>	2006 to Present
<b>City of Ocoee, Florida</b>		
<p>Ms. Donna Bruno, Chief Accountant</p> <p>150 Lakeshore Drive Ocoee, FL 34761 (407) 905-3200 <a href="mailto:dbruno@ocoeefl.org">dbruno@ocoeefl.org</a></p>	<ul style="list-style-type: none"> <li>• Annual Financial &amp; Compliance Audit (Single Audit) and preparation of CAFR</li> <li>• Received GFOA's "Certificate of Achievement"</li> </ul>	1985 to Present

**References of Governmental Accounting Experience - Continued:**

<b><u>Principal Client Contact</u></b>	<b><u>Scope of Work</u></b>	<b><u>Years</u></b>
<b>City Tavares, Florida</b>		
<p>Ms. Lori Houghton, Finance Director</p> <p>P.O. Box 1068 Tavares, FL 32778-1068 (352) 742-6212 <a href="mailto:lhoughton@tavares.org">lhoughton@tavares.org</a></p>	<ul style="list-style-type: none"> <li>• Annual Financial &amp; Compliance Audit (Single Audit) and preparation of CAFR</li> <li>• Utility and Franchise Tax Audits</li> </ul>	1988 to Present
<b>City of Umatilla, Florida</b>		
<p>Ms. Regina Frazier, Finance Director</p> <p>1 South Central Avenue Umatilla, FL 32784 (352) 669-8313 <a href="mailto:rfrazier@umatillafl.org">rfrazier@umatillafl.org</a></p>	<ul style="list-style-type: none"> <li>• Annual Financial &amp; Compliance Audit (Single Audit) and preparation of CAFR</li> </ul>	2010 to Present
<b>Town of Windermere, Florida</b>		
<p>Mr. Robert Smith, Town Manager</p> <p>614 Main Street Windermere, FL 34786 (407)876-2563 <a href="mailto:rsmith@town.windermere.fl.us">rsmith@town.windermere.fl.us</a></p>	<ul style="list-style-type: none"> <li>• Annual Financial &amp; Compliance Audit and Preparation of Financials</li> </ul>	2000 to Present
<b>City of Longwood, Florida</b>		
<p>Ms. Lisa Snead, Finance Director</p> <p>175 W. Warren Avenue Longwood, FL 32750 (407)260-3475 <a href="mailto:lsnead@longwoodfl.org">lsnead@longwoodfl.org</a></p>	<ul style="list-style-type: none"> <li>• Annual Financial &amp; Compliance Audit (Single Audit) and preparation of CAFR</li> <li>• Received GFOA's "Certificate of Achievement"</li> </ul>	1991 to 1993 and 1997 to Present
<b>City of Belle Isle, Florida</b>		
<p>Ms. Tracey Richardson, Finance Manager</p> <p>1600 Nela Avenue Belle Isle, FL 32809 (407) 851-7730 <a href="mailto:trichardson@belleislefl.gov">trichardson@belleislefl.gov</a></p>	<ul style="list-style-type: none"> <li>• Annual Financial &amp; Compliance Audit (Single Audit) and preparation of CAFR</li> <li>• Received GFOA's "Certificate of Achievement"</li> </ul>	2000 to Present



## Service Approach

Our audit will be segmented as follows:

- Phase 1: Audit Planning
- Phase 2: Evaluation and Testing of Internal Controls
- Phase 3: Substantive Testing
- Phase 4: Reporting

### Phase 1: Audit Planning

Preliminary planning includes deciding on an overall strategy for the audit, obtaining an understanding of the entity and its environment, including its internal control, making an initial assessment of audit risk and materiality, and deciding on the overall timing of the engagement. We will also begin to assemble our "permanent file," which consists of copies of organizational charts, City manuals, bond documents, and financial and other management systems.

We will meet with staff in various departments of the City to obtain an understanding of the flow of transactions through your accounting system. This includes understanding your computer environment in order to comply with the requirements of SAS 94 *The Effect of Information Technology on the Auditor's Consideration of Internal Control in a Financial Statement Audit*. We will also gather information to identify fraud risks as required by SAS 99 *Consideration of Fraud in a Financial Statement Audit*.

We will also perform preliminary analytical procedures and compare trends for the current and at least the two previous years for unusual fluctuations. This will include review of both budget and actual amounts.

During this planning phase, we will ask management and staff at the City to identify areas of higher risk as well as other areas that they want us to focus on during our audit. We will also provide the City with a list of all schedules to be prepared by the City. We plan to have City personnel prepare required schedules, locate documents for testing and prepare confirmations.

### Phase 2: Evaluation and Testing of Internal Controls and Compliance

During Phase 2, we will evaluate your control policies and procedures to determine if they are functioning properly in significant transaction classes. To gain an understanding of the procedures in place, and current internal control structure, we typically conduct interviews with staff and management involved in the specific transaction class to be tested. We then perform tests of these controls to determine with reasonable assurance that control procedures are functioning as planned and whether further testing will be needed. As part of our tests of controls, we will include tests of compliance with applicable ordinances, and state and federal laws and regulations. In order to determine which ordinances, laws and regulations to test for compliance, we start by reviewing the FICPA Practice Aid *Compliance Auditing in Florida*. We then evaluate which ordinances, laws and regulations have a direct and material effect on the determination of financial statement amounts. Sample sizes are determined based upon our assessment of control risk and may be judgmental, random, or stratified, depending on the attributes of the population being tested. We will select samples from the significant transaction classes and trace from original documents through the computer system to the general ledger.



## **Service Approach - Continued**

### **Phase 2: Evaluation and Testing of Internal Controls and Compliance - Continued**

If the City meets the requirement for either a federal or state single audit, we will evaluate internal controls over Federal Awards Programs and State Financial Assistance. Then we will determine major programs and perform required tests of compliance and internal controls over compliance. Sample sizes will be determined based upon our assessment of control risk.

Our control testing includes obtaining an understanding of the computer software used by the City, and tracing sample selections through the system to determine the desired outcomes are being achieved. Our testing of Information Technology includes inquiries of appropriate personnel regarding data backups and access to City files.

After controls have been documented, evaluated and tested, we will finalize the City's audit plan. Audit programs will be tailored to fit the specifics of the City's accounting systems.

### **Phase 3: Substantive Testing**

Prior to starting year-end substantive testing, we will have a pre-audit meeting with the City Manager and Finance Director. We plan to use an audit manager and audit senior for the audit. The manager will always be in the field to supervise the work of the senior.

Our year-end fieldwork will focus on verifying balances in accounts. For example, we will confirm cash balances, as well as debt balances with financial institutions. In addition to obtaining audit confirmations, representation letters and attorney letters, we will perform tests on account balances using analytical procedures, recalculation and verification. Our firm uses ProSystem fx Engagement electronic audit software which may allow us to interface with your accounting system and reduce the time required to transfer your accounting data to a separate software package. We believe it is important to use analytical review procedures in this substantive phase of the audit. We compare analytical results to our expectation of what the results should be in order to determine if additional audit procedures are required. Typical analytical procedures include expense variances with previous years and budget amounts, revenue variances with previous years and budgeted amounts. In addition, we calculate other ratios for enterprise funds such as turnover and number of days in accounts receivable.

We will keep the City's management up to date on the progress of the audit and will discuss preliminary findings and potential problems or opportunities as we encounter them. Our approach to resolving problems encountered is to discuss with the City Manager to make sure our understanding is correct. Our process to produce a meaningful "management letter" is to review results of testing of internal controls, as well as year-end field work and draft recommendations for improvements to be discussed with management. Written recommendations are included in the management letter as necessary to communicate formal recommendations to improve controls and operating processes.

## Service Approach - Continued

### Phase 4: Reporting

The audit work is reviewed by the engagement partner throughout the engagement. Once the engagement partner review is complete, a second review of the financial statements is performed by the review partner. This second review is required as part of McDermitt Davis and Company's internal system of quality control and ensures the City receives the best service possible.

We will prepare the Draft of the CAFR and then issue the following:

- Auditor's report on financial statements
- Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*
- Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with the Uniform Guidance, if applicable
- Management Letter required by Rules of the Florida Auditor General

We will provide technical assistance to the City to meet changes in required disclosures. Once reports have been reviewed by management and approved in final form, we will issue final reports and supply in electronic format. The engagement partner and the review partner will be available to attend public meetings for discussion of the financial report.

McDermitt Davis and Company personnel are experienced with the requirements of the GFOA Certificate of Achievement Program and will review the City's CAFR to ensure it meets all requirements. We are also available to assist with the submittal of the final document, as needed.

The proposed work plan for the audit is as follows for all years.

	<b>Completion Dates</b>	<b>Number of Hours</b>
Interim test of controls and legal compliance:	September	
Partner	30	8
Manager		16
Staff		16
Substantive testing:	December 15	
Partner		16
Manager		32
Staff		40
Preparation of CAFR and various audit reports:	January 5	
Partner		8
Manager		25
Staff		8

Note: due to the timing of the RFP, interim tests for FYE 9/30/2018 may not be completed until October 31, 2018.

**Cost Proposal**

	<b><u>Total All-Inclusive Price</u></b>
2018	\$ 22,700
2019	23,000
2020	23,500
2021	24,000
2022	24,500
2023	25,000

The above fees do not include a Federal or Florida Single Audit. If either Single Audit is required, the fee would be \$5,000 for any year that it is applicable.

**Estimated Annual Hours by Staff**

Partner	32
Manager	73
Staff	64

McDermitt Davis believes in continued contact throughout the term of the engagement and will be available to City staff for routing consulting on accounting matters. These communications are included in the all-inclusive prices listed above. If significant additional time is required, we will come to an agreement for additional fees.

## RFP #2018-20 AUDIT SERVICES

**RESPONSE TO:**

**RFP 2018-20 AUDIT SERVICES**  
**City of Belle Isle**  
**ATTN: Bob Francis, City Manager**  
**1600 Nela Avenue. Belle Isle, FL 32809**

I acknowledge receipt of any/all Addenda: Kelly Leary

I have included:

- Hold Harmless Agreement
- Certificate of Insurance
- Non Collusion Affidavit
- Drug Free Workplace Form

Mailing Address:

McDermitt Davis & Company, LLC TELEPHONE: (407) 843-5406  
934 N. Magnolia Ave., Suite 100 FAX: (407) 649-9339  
Orlando, FL 32803 DATE September 11, 2018

BY signing and submitting this proposal, I am certifying that (a) I am authorized to submit the proposal and execute the personal services agreement; (b) I am a citizen of the United States; (c) I am not a member or an employee of any taxing authority; and (d) I do not represent any property owner in an administrative or judicial review of property tax issues.

Kelly Leary  
Signature of Respondent

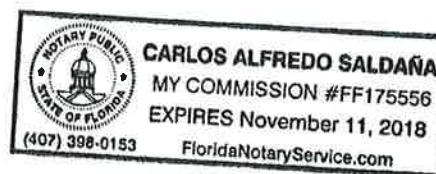
Tina L. Johnson  
Witness

STATE OF FLORIDA  
COUNTY OF ORANGE

Sworn to (or affirmed) and subscribed before me 11 day of Sept, 2018, by Kelly Leary.

[Signature]  
Notary Public

My Commission Expires 11/11/18



# RFP #2018-20 AUDIT SERVICES

## HOLD HARMLESS AGREEMENT

I Kelly Leary (Respondent) agrees to indemnify and hold the City harmless for any and all claims, liability, losses and causes of action which may arise out of its fulfillment of the contract awarded pursuant to this RFP. It agrees to pay all claims and losses, including related court costs and reasonable attorneys' fees, and shall defend all suits filed due to the negligent acts, error or omissions of Respondent or employees and/or agents of Respondent.

In the event the completion of a project awarded pursuant to this RFP (to include the work of others) is delayed or suspended as a result of the Respondent's failure to purchase or maintain the required insurance, the Respondent shall indemnify the City from any and all increased expenses resulting from such delay.

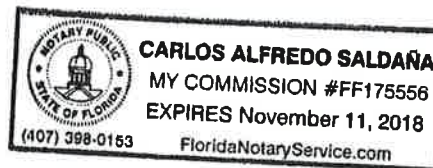
Kelly Leary  
Signature of Respondent

Timothy Johnson  
Witness

STATE OF FLORIDA  
COUNTY OF ORANGE

Sworn to (or affirmed) and subscribed before me 11 day of Sept., 2018, by Kelly Leary.

[Signature]  
Notary Public



My Commission Expires 11/11/18



# RFP #2018-20 AUDIT SERVICES

## NON-COLLUSION AFFIDAVIT

I Kelly Leary (Respondent) of the firm of McDermitt Davis & Co. LLQ (Respondent Firm Name) responded to the notice calling for proposals for Audit Services for the City of Belle Isle. This proposal has been executed with full authority to do so. This response has been arrived at independently without collusion, consultation, communication or agreement for the purposes of restricting competition, as to any matter relating to qualifications or responses of any other responder or with any competitor, and no attempt has been made or will be made by the Responder to induce any other person, partnership or corporation to submit, or not to submit, a response for the purpose of restricting competition.

The Statements contained within this affidavit are true and correct, and made with full knowledge that the City of Belle Isle relies upon the truth of the statements contained in this affidavit in awarding contracts for said services.

Kelly Leary  
Signature of Respondent

Tim Johnson  
Witness

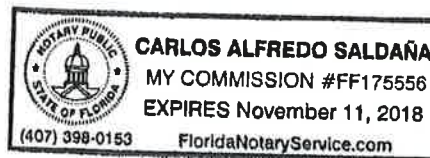
STATE OF FLORIDA  
COUNTY OF ORANGE

Sworn to (or affirmed) and subscribed before me 11 day of Sept, 2018, by ' Kelly Leary.

[Signature]

Notary Public

My Commission Expires 11/11/18



# RFQ #2018-20 AUDIT SERVICES

## DRUG FREE WORKPLACE CERTIFICATION

In order to have a drug-free workplace program, a business shall:

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against an employee for violations of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug free workplace, available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees from drug abuse violations.
3. Give each employee engaged in providing the commodities or contractual services that are under this solicitation a copy of the statement specified in subsection (1) above.
4. In the statement specified in subsection (1), notify the employees that, as a condition of working in the commodities or contractual services that are under this solicitation, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of Chapter 893 or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five (5) days after such conviction.
5. Impose a sanction on, or require the satisfactory participation in, a drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is so convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign the statement, I certify that this firm complies fully with the above requirements.

  
\_\_\_\_\_  
Signature of Respondent

  
\_\_\_\_\_  
Witness



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND  
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Honorable Mayor and City Council  
*City of Tavares, Florida*

**Report on Compliance for Each Major Federal Program and State Project**

We have audited the City of Tavares, Florida's (the City) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* and Florida Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2017. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements 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) and Chapter 10.550, *Rules of the Auditor General*. Those standards and rules require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal programs or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City's compliance.

**MCDIRMIT DAVIS & COMPANY, LLC**

934 N. MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803  
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

## Opinion on Each Major Federal Program and State Project

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2017.

## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

*McDiarmitt Davis & Company LLC*

Orlando, Florida  
June 26, 2018

# APPENDIX "A"

CITY OF TAVARES, FLORIDA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended September 30, 2017

<b>Award type</b>			
<b>Grantor</b>			
<b>Pass-through grantor</b>			
<b>Program title</b>	<b>CFDA/ CFSA Number</b>	<b>Contract/ Grant Number</b>	<b>Expenditures</b>
<b>Federal Awards</b>			
<b>United States Department of Housing and Urban Development</b>			
passed through Board of County Commissioners, Lake County, Florida			
Community Development Block Grant, Nature Park Restroom	14.218	N/A	\$ 56,421
Community Development Block Grant, Road Improvement	14.218	N/A	75,000
<b>Environmental Protection Agency</b>			
passed through Florida Department of Environmental Protection			
Section 319 Nonpoint Source Management Program Implementation *	66.460	G0401	649,774
<b>United States Department of Justice</b>			
passed through Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Program Grant	16.738	2017-JAGC-LAKE-5-F9-152	3,659
Total expenditures of federal awards			<u>\$ 784,854</u>
<b>State Awards</b>			
<b>State of Florida, Department of Environmental Protection</b>			
State Revolving Fund, Stormwater Management *	37.077	SW350940	\$ 2,339,352
State Revolving Fund, SR 19 Lift Station *	37.077	WW350950	2,886
Statewide Surface Water Restoration and Wastewater Projects *	37.039	S0568	283,448
Statewide Surface Water Restoration and Wastewater Projects *	37.039	G0401	394,881
<b>State of Florida, Department of Transportation</b>			
Seaplane Master Plan	N/A	JPA ARU64	6,563
Total expenditures of state financial assistance			<u>\$ 3,027,130</u>

\* Denotes a major program

## CITY OF TAVARES, FLORIDA

**NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

Year Ended September 30, 2017

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures federal awards and state financial assistance (the Schedule) includes the state grant activity of the City of Tavares, Florida (the City) under projects of both the federal and the state government for the year ended September 30, 2017. The information in the Schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**Note 2 - Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, amounts reported on the Schedule are based on expenditures incurred as of September 30, 2017, even if grant or loan was received subsequent to that date. Pass-through entity identifying numbers are presented where available.



## CITY OF TAVARES, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

Year Ended September 30, 2017

**Section I - Summary of Independent Auditor's Results:***Financial Statements*

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness identified?	____ Yes	<u>  X  </u> No
• Significant deficiency identified	____ Yes	<u>  X  </u> None reported
Noncompliance material to financial Statements noted?	____ Yes	<u>  X  </u> No

*Federal Programs and State Projects*

Type of auditors' report issued on compliance for major federal programs and state projects:	Unmodified	
Internal control over major federal program state project:		
• Material weakness identified?	____ Yes	<u>  X  </u> No
• Significant deficiency identified	____ Yes	<u>  X  </u> None reported
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance or Chapter 10.550?	____ Yes	<u>  X  </u> No

Identification of major federal programs and state projects

CFSA No. 37.039  
CFSA No. 37.077  
CFDA No. 66.460Surface Water Restoration  
Wastewater Treatment  
Nonpoint Source Management  
Program Implementation

Dollar threshold used to distinguish between type A and type B programs

Federal Awards  
\$750,000State Projects  
\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_ Yes

  X   No**Section II – Financial Statement Findings:**

None

**Section III – Federal Award and State Project Findings and Questioned Costs:**

None

**Section IV – State and Federal Award Summary Schedule of Prior Year Findings:**

There were no audit findings for the year ended September 30, 2016.



## MANAGEMENT LETTER

Honorable Mayor and City Commission  
City of Belle Isle, Florida

### Report on the Financial Statements

We have audited the financial statements of the *City of Belle Isle, Florida*, as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated March 9, 2018.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 9, 2018, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i).1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have not been taken to address the recommendation made in the preceding annual financial audit report:

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	FY 2016 Finding #	FY 2015 Finding #
ML 17-01	ML 16-01	N/A

**MCDIRMIT DAVIS & COMPANY, LLC**

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803  
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: [INFO@MCDIRMITDAVIS.COM](mailto:INFO@MCDIRMITDAVIS.COM)

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

### Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether or not the *City of Belle Isle, Florida* has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the *City of Belle Isle, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the *City of Belle Isle, Florida*. It is management's responsibility to monitor the *City of Belle Isle, Florida's* financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. See Appendix A.

### Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the *City of Belle Isle, Florida* for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

### Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### Purpose of this Letter

Our management letter is intended solely for the information of the *Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Council, and applicable management*, and is not intended to be and should not be used by anyone other than these specified parties.

*McDiarmitt Davis & Company, LLC*

Orlando, Florida  
March 9, 2018

**APPENDIX A - RECOMMENDATION TO IMPROVE  
FINANCIAL MANAGEMENT**

Year Ended September 30, 2017

**ML 17-01 Segregation of Duties**

**Criteria** - Effectively designed internal control requires adequate segregation of duties.

**Condition** - During our audit, we noted that the design of internal controls included adequate segregation of duties. However, due to the small organization size, the position responsible for the review function for items such as payroll and bank reconciliations is not a part of the finance department.

**Cause** - The design of internal control relies upon a position that is typically held by an individual with no accounting background or expertise.

**Effect** - Even though there is adequate segregation of duties in the design of internal control, misstatements could occur, whether due to fraud or error, and may not be identified or corrected in a timely manner.

**Recommendation** - The review function should be assigned to an individual with the appropriate level of expertise.