**CITY OF GAUTIER**
**MEMORANDUM**

**To:** Samantha Abell, City Manager

**From:** Cindy Steen, Purchasing Agent

**Through:** Cindy Russell, City Clerk

**Date:** August 29, 2013

**Subject:** Enter into a Professional Service Agreement with Lloyd B. Marshall Jr. for fiscal years 2013-2014.

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**REQUEST:**
City Council authorization is requested for the City of Gautier to enter into a Professional Service Agreement with Lloyd B. Marshall, Jr. to audit the years ending September 30th, 2013-2014. Mr. Marshall will audit the City for the amount of a fixed fee of $27,950.00 per fiscal year 2013 and a fixed fee of $27,950.00 for fiscal year 2014.

**BACKGROUND:**
The proposed audit will include the audit of all funds in accordance with government auditing standards prescribed by the Unites States General Accounting Office (GAO) and the corresponding Yellow Book standards and requirements, and the Office of The State Auditor (OSA) guidelines, including Mississippi State Laws and Regulations, and the Single Audit Act, as delineated in OMB Circular A-133

**RECOMMENDATION:**
Based on the attached information, City staff recommends that City Council authorize entering into a Professional Service Agreement with Lloyd B. Marshall Jr.

The City Council may:

1. Authorize entering into a Professional Service Agreement or:
2. Not entering into a Professional Service Agreement with Lloyd Marshall Jr.

**ATTACHMENT(S):**
Lloyd B. Marshall Jr.

# CITY OF GAUTIER, MISSISSIPPI

## PROPOSAL FOR FY 2013 & 2014 AUDITS

CITY OF GUATIER

RESPONSE TO REQUEST FOR QUOTE FOR AUDIT SERVICES

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## OVERVIEW OF QUALIFICATIONS

MEMBER: American Institute of CPA's

Mississippi Society of CPA's

LLOYD B. MARSHALL, JR.

CERTIFIED PUBLIC ACCOUNTANT

4321 Gautier Vancleave Road

Suite A

Gautier, Mississippi 39564

**Overview of Qualifications.**

- Experience – over 35 years experience in governmental accounting and auditing.
- Audited engagements have included a Junior College, a School District, numerous municipalities, as listed later, several rural water associations, several corporate entities, and numerous non-profit organizations.
- Certified Public Accountant practicing in Mississippi since 1985. Line share of experience has been in governmental auditing and taxation.
- Just completed my third PEER Review, which is enclosed later, with unmodified opinions on all reviews, with no letter of comment, and no matters for consideration. This is the highest level of opinion that is given for a PEER Review.
- Bachelor of Science and Master of Business Administration degree from Mississippi College.
- Have served on the Governmental Accounting Committee of the Mississippi Society of Certified Public Accountants.
- Also hold the Certified Governmental Financial Manager designation.
- Currently Yellow Book qualified, and continue my qualifications with the appropriate Continuing Education Hours in Governmental Accounting and Auditing.
- Have either participated in, or completed on my own, several OMB Circular A-133 Single Audits, in accordance with the Yellow Book and Generally Accepted Governmental Accounting Standards.

MEMBER: American Institute of CPA's

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LLOYD B. MARSHALL, JR.

CERTIFIED PUBLIC ACCOUNTANT

4321 Gautier Vancleave Road

Gautier, Mississippi 39553

**Audit engagements participated in or completed by my firm.**

Existing audit clientele of my firm for which I have completed and signed the audit reports:

- City of Gautier – Fiscal Years 2009 , 2010 & 2011; OMB Circular A-133, Single Audit, Yellow Book engagement.
- Town of Braxton – audited for the last seven years.
- Two Rural Water Associations – audited for the last seven years. Two of which have been OMB Circular A-133, Yellow Book engagements.
- Three non-profit organizations – one in Jackson and two in North Mississippi. Have audited those for several years. See list later.

Participated in and/or served as the lead auditor:

- Hinds Community College – Audited the Federal Student Aid Programs for seven years. When completed, the State Auditor's Office included our report with their report of the college, with no modifications to our report.
- City of Magee – Served as the lead auditor for seven years.
- City of Pearl, and City Florence – Served as lead auditor for one year
- Southern Rankin Water Association, South Central Water Association and Poplar Springs Water Supply District – served as lead auditor for seven years.
- Audited several contractors and manufacturing facilities – prefer not to mention those by name, since they are not public entities, and therefore their audits are not a matter of public record.
- Town of Silver Creek – served as lead auditor for one year.
- Prepared Indirect Cost proposals for the MS Department of Energy & Transportation for four years, and the MS Authority for Educational Television for six years. All were accepted as submitted, approving the requested negotiated fixed rate with carry forward.

## CURRENT PEER REVIEW

**BREAZEALE, SAUNDERS & O'NEIL, LTD.**
CERTIFIED PUBLIC ACCOUNTANTS

System Review Report

To the Owner of
Lloyd B. Marshall, Jr. CPA
and the Peer Review Committee of the Mississippi Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Lloyd B. Marshall, Jr. CPA (the firm) in effect for the year ended December 31, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

In our opinion, the system of quality control for the accounting and auditing practice of Lloyd B. Marshall, Jr. CPA in effect for the year ended December 31, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Lloyd B. Marshall, Jr. CPA has received a peer review rating of *pass*.

Breazeale, Saunders & O'Neil, Ltd.

Jackson, Mississippi
September 23, 2011



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TELEPHONE: 601-969-7440 / TELECOPIER: 601-355-9003 / www.bsoltd.com

MEMBER: American Institute of CPA's

Mississippi Society of CPA's

LLOYD B. MARSHALL, JR.

CERTIFIED PUBLIC ACCOUNTANT

4321 Gautier Vancleave Road

Suite A

Gautier, Mississippi 39564

228-497-2788

August 25, 2013

Ms. Cindy Steen
Purchasing Agent
City of Gautier
3330 HWY 90
Gautier, MS 39553

Dear Ms. Steen:

In response to your request for proposals and qualifications, I am pleased to submit the following.

My proposal for the services for the Audit for City of Gautier for the years ending September 30, 2013 & 2014.

My proposed audit will include all the audit of all funds in accordance with government auditing standards prescribed by the United States General Accounting Office (GAO) and the corresponding Yellow Book standards and requirements, and the Office of The State Auditor (OSA) guidelines, including Mississippi State Laws and Regulations, and the Single Audit Act, as delineated in OMB Circular A-133.

**Audit Objectives**

The objective of my audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information when considered in relation to the financial statements taken as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

- Internal control related to major programs and an opinion (or a disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

- Independent auditors' report on compliance with Mississippi State Laws and Regulations.

The reports on internal control an compliance will each include a statement that the report is intended for the information an use of the Mayor & City Council, City Manager, senior management, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, the reports are a matter of public record, and their distribution is not limited.

My audit will further include issuance of a Comprehensive Financial Report in accordance with GASB Statement 34 and, as mentioned, the Single Audit Act including all additional required reports, schedules and statements.

My audit will be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of your accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures I consider necessary to enable me to express such an opinion and to render the required reports. If my opinion on the financial statements or the Single Audit compliance opinion is other than unqualified, I will discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or are unable to form or have not formed an opinion, I may decline to express an opinion or to issue a report as a result of this engagement.

In response to your request for additional services, I submit the following :

- For the performance of other accounting services of to be used at the discretion of the City, I propose an hourly rate of $ 47.50 per hour, regardless of the appropriate personnel assigned. These services will be performed personally by me, and will include, as requested by the City, the tasks as listed in your RFP. [As a clarification, let me state that my standard billing rate is much higher than $47.50. However, because I would prefer to have personal participation in, and oversight of, this service, I have quoted my lowest staff billing rate.]

In response to the remainder of your requests, I submit the following:

- Subsequent auditors will have complete access to all of my workpapers. I have no reservations about any reasonable access to my work products by any responsible interested party or parties. You will note in this package that I have received my recent Peer Review with an unmodified opinion, as has been the case on all of my previous reviews. This review consists of a comprehensive review of my selected workpapers. Allow me to state, with all appropriate humility, and yet with appropriate frankness, that all which were examined were found to be compliant with all the high Quality Control Standards of the American Institute of CPA's.

- Upon completion of the Audit, I will plan to deliver thirty-five (35) copies of my report to the City Clerk, in addition to an electronic version of the report by May 30, 2014 for the Fiscal Year 2013 Audit, and by May 30, 2015 for the Fiscal Year 2014 Audit. Also, I will prepare and submit the Auditor's portion of the Data Collection Form (DCF), as required by the Yellow Book and A-133, and will assist, the City, at no additional fee, with the preparation and submission of the auditee's portion of the DCF.

- As fixed fee for my Audit Services for the Fiscal Year 2013, I propose a fixed fee of $ 27,950, and for the Fiscal Year 2014, also a fixed fee of $ 27,950. Given the fact that this fee is likely less than a customary fee for the audit of a City with a budget level of Gautier, please be advised that, nevertheless, my level of professionalism and the comprehensive nature of my audit steps will in no way be limited or compromised.

As additional background information, as suggested in your request, I submit the additional documents in this binder, regarding my prior experience, qualifications, and capabilities with regard to Municipal Auditing and Accounting in Mississippi. In order to be brief and to the point, I have summarized most of the information about my firm. I can respond in more detail as you may request.

Let me summarily add to those documents, that I have been performing Municipal Audits since 1974, and have either audited or served as a staff auditor, senior auditor, auditor in charge, supervising auditor, manager, or partner, in a number of audits of Mississippi Municipalities. This has been in both in public accounting in the private sector, and as a supervising staff auditor with the Office of The State Auditor. In addition, I maintain a continuing contact with recognized Governmental Accounting and Auditing professionals. Among those are Mr. Bill Wagner, CPA, who is one of the most recognized Governmental Auditors and AICPA Staff Instructors in the country; Mr. Bill Broadus, CPA, author the original GAO Yellow Book; and also Mr. Palmer Marcantonio (now retired), former senior official at the Office of Management and Budget (OMB), and primary author of OMB Circualr A-133 (the Single Audit), and OMB Circulars A-87 and

A-102. I speak with them often, sharing our respective ideas regarding evolving Government Accounting Principles and Auditing Standards. My goal in this respect is to stay closely informed with current accounting changes, and progress of the United States toward the application of International Accounting Standards.

As a postscript, let me add that, if engaged by your City, I will performing the audit with very little, and only part time, staff assistance needed. Thus my fees include little or no overhead. Also, for the most part, I will likely be the only one visiting your office. Hence there will be a need to allow for only limited office space for my audit field work, and hopefully a lesser amount of your valuable staff time.

I thank you for your time and willingness to accept my proposal, and I await your favorable response. Please understand that I am available at your convenience, given sufficient notice, to meet with you, the City Manager/City Clerk and/or the Mayor and Council regarding my proposal.

Respectfully Submitted,

Lloyd Marshall

Lloyd Marshall

## SUMMARY RESUME & REFERENCES

**LLOYD B. MARSHALL, JR.**
4321 Gautier Vancleave Rd. Suite A
Gautier, MS 39553

Phone: 228-497-2788

## OVERVIEW

Senior level CPA with over 35 years experience in financial management with 20 years in non-profit state government agencies and public educational television. Experienced in supervising functions including accounting, data processing, personnel, purchasing, engineering, investments, grants, and auditing. Expertise in staff development and effective communication with administration, boards, and other internal and external publics. Areas of expertise include:

- Financial Administration/Reporting
- Operations Management
- Accounting Systems Design/Implementation
- Budgeting and Strategic Planning
- Data Processing
- Taxation and Auditing
- Board and Legislative Reporting
- Facility Financing and Management
- Policy-Making
- Inventory Management
- Grantsmanship
- Investment Management
- Public Speaking/Presentations

## CAREER HIGHLIGHTS

- Served as the MS Dept. of Wildlife, Fisheries, and Parks primary contact with the Mississippi Legislature, the Mississippi Department of Finance and Administration, Bureau of Buildings and Grounds, and the Legislative Budget Office.

- Have a demonstrated record of success with legislative budget requests. ETV received from the state legislature $6.8 million for a new microwave system, $7.2 million for new building construction, and $5 million bond issue to initiate digital conversion.

- Initiated concept, prepared documentation, and received state funding in the amount of $2.5 million for a new transmission tower for ETV.

- Managed multi-million dollar capital improvements projects.

- Prepared eight indirect cost proposals that were all approved by two different federal agencies.

- Have substantial experience in non-profit auditing in accordance with OMB Circular A-133 with substantial experience in auditing community colleges, school districts, municipalities, and small corporations. Highly respected by the state's Director of Auditing for Schools and Universities with some reports accepted at face value. Received no exceptions in ETV's annual audits and audited one community college for seven years without amendments to reports by the State Auditor's office.

- Directed transition to a new statewide automated accounting system (SASS) for ETV that enhanced financial reporting by providing real-time, on-line information.

- Served as integral member of statewide committee to design updated accounting system for Mississippi state government.

**EDUCATION:** **Bachelor of Science Administration**

Accounting, Math & Physics

**Master of Business**

Emphasis in Accounting -Finance

## REFERENCES

Gerald Lee, Ph.D., Professor
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Greg Mitchell, former Mayor
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William C. "Bill" Wagner, CPA
AICPA Nationally Recognized Lecturer in Governmental Accounting & Auditing
1009 Manor Vue Court
Belmont, PA
Phone: (724) 468-3293 (difficult to reach, travels nationwide, but will call back)

Charles E. Ellis, CPA
Former Treasurer – J. W. Underwood & Company
and Professor of Accounting
Mississippi College
*(Deceased. Letter of recommendation written before death is available upon request.)*

John Gilbert, CPA, CGFM
Director, Office of Internal Accountability
MS State Dept. of Education
Jackson, MS
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