

Condensed Title:

Request for approval to authorize the issuance of a request for proposals (RFP) for auditing services to examine the City of Miami Beach (the City) basic financial statements included in the City's Comprehensive Annual Financial Report (CAFR), federal grant programs and state projects (OMB A-133 single audit), the Miami Beach Redevelopment Agency's basic financial statements (RDA), the Parking Systems Fund's (PSF) financial statements, the Miami Beach Visitor and Convention Authority's (VCA) financial statements, the Miami Beach Convention Center's financial statements, the Building Better Communities bond program (BBC) the Children Trust grant program (CT), and the Safe Neighborhood Parks and bond program (SNP).

Key Intended Outcome Supported:

Improve the City's overall financial health and maintain overall bond rating.

Supporting Data (Surveys, Environmental Scan, etc.): N/A

Issue:

Should the City Commission approve the issuance of a request for proposal for auditing services?

Item Summary/Recommendation:

The purpose of the audit is to examine the City's Basic Financial Statements included in the City's Comprehensive Annual Financial Report (CAFR). The engagement shall also include the Single Audit, PSF, VCA, Convention Center, BBC, CT and SNP audits, for a period of up to five (5) years at the option of the City.

The original engagement will be for the fiscal year ending September 30, 2012. Additional years of the engagement or additional auditing services would be subject to the approval of the Audit Committee and confirmation by the City Commission annually.

The Administration recommends that the Mayor and Commission authorize the issuance of the RFP for auditing services.

Advisory Board Recommendation:

Finance and Citywide Projects Committee - January 19, 2012


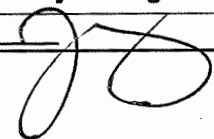
Financial Information:

Source of Funds:	Amount	Account	Approved
OBPI			
Total			

City Clerk's Office Legislative Tracking:

Patricia Walker, Chief Financial Officer

Sign-Offs:

Department Director	Assistant City Manager	City Manager
	PDW 	JMG 

T:\AGENDA\2012\3-21-12\ RFP for audit services memo





MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Matti H. Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: March 21, 2012

SUBJECT: **REQUEST FOR APPROVAL TO AUTHORIZE THE ISSUANCE OF A REQUEST FOR PROPOSALS (RFP) FOR AUDITING SERVICES TO EXAMINE THE CITY'S BASIC FINANCIAL STATEMENTS INCLUDED IN THE CITY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR), FEDERAL GRANT PROGRAMS AND STATE PROJECTS (OMB A-133 SINGLE AUDIT), THE MIAMI BEACH REDEVELOPMENT AGENCY'S BASIC FINANCIAL STATEMENTS (RDA), THE PARKING SYSTEMS FUND'S (PSF) FINANCIAL STATEMENTS, THE MIAMI BEACH VISITOR AND CONVENTION AUTHORITY'S (VCA) FINANCIAL STATEMENTS, THE MIAMI BEACH CONVENTION CENTER FINANCIAL STATEMENTS, THE BUILDING BETTER COMMUNITIES BOND PROGRAM (BBC) THE CHILDREN TRUST GRANT PROGRAM (CT), AND THE SAFE NEIGHBORHOOD PARKS AND BOND PROGRAM (SNP).**

ADMINISTRATION RECOMMENDATION

Authorize the issuance of the RFP.

ANALYSIS

The purpose of the audit is to examine the City's Basic Financial Statements included in the City's Comprehensive Annual Financial Report (CAFR). The engagement shall also include the Single Audit, PSF, VCA, Convention Center, BBC, CT and SNP audits, for a period of up to five (5) years at the option of the City.

The original engagement will be for the fiscal year ending September 30, 2012. Additional years of the engagement or additional auditing services would be subject to the approval of the Audit Committee and confirmation by the City Commission annually.

SCOPE OF SERVICES

There are ten services which are required as part of this request for proposal. All services must be included in the proposal in order for it to be considered. The services and scope of services are as follows:

1. **CAFR** – The auditor will prepare and issue an auditor's opinion and conduct an audit

of the City's CAFR in accordance with Generally Accepted Auditing Standards (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States.

The examination must be made in accordance with the guidelines prepared by the Governmental Finance Officers Association (GFOA) in order for the City to apply for the Certificate of Achievement for Excellence in Financial Reporting.

The examination will include the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund balances of the City, except for the City of Miami Beach Retirement Systems for Firefighters and Police Officers, the City of Miami Beach Retirement Systems for General Employees, the City of Miami Beach Retirement System for Unclassified Employee and Elected officials, the Firemen's Relief and Pension Fund, and the Policemen's Relief and Pension Fund, which are audited by other auditors.

On an annual basis, the City will prepare the CAFR for auditing. The auditors will provide guidance with the implementation of Governmental Accounting Standard Board (GASB) statements as necessary.

The audit firm shall issue an audit opinion to the City no later than 180 days following the fiscal year end.

2. **OMB A-133 Single Audits** - The auditor must perform an audit 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The auditor must issue an Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance, Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs.

The City will prepare the Schedule of Expenditure of Federal Awards and State Financial Assistance.

The audit firm shall issue the single audit report and data collections form to the City no later than 180 days following the fiscal year end.

3. **Management Letter in Accordance with the Rules of the Auditor General of the State of Florida** - The auditor shall issue a management letter to address the following:
 - The City's compliance and internal controls or schedule of findings and questioned costs, whether or not inaccuracies, shortages, defalcations, fraud and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected.
 - The City's compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed.

- Provisions of Section 218.415, Florida Statutes, regarding the City's investment of public funds.
- The City's compliance and internal controls or schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (for example, the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.
- Section 218.503(1), Florida Statutes, regarding financial emergencies.
- The annual financial report for the City filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes.
- The name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements.

The audit firm shall issue a management letter to the City no later than 180 days following the fiscal year end.

4. **RDA** – The City issues stand-alone basic financial statements for the RDA, a blended component unit of the City. The auditor will prepare and issue an auditor's opinion and conduct an audit of the RDA basic financial statements in accordance with Generally Accepted Auditing Standards (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States.

The financial statements, footnotes and schedules are to be prepared by the auditor. The audit firm shall issue the RDA basic financial statements to the City no later than 180 days following the fiscal year end.

5. **PSF**- The City issues stand-alone financial statements for the PSF, a major enterprise fund of the City. The auditor will prepare and issue an auditor's opinion and conduct an audit of the PSF financial statements in accordance with Generally Accepted Auditing Standards (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States.

The financial statements, footnotes and schedules are to be prepared by the auditor. The audit firm shall issue the PSF basic financial statements to the City no later than 150 days following the fiscal year end.

6. **VCA**- The City issues stand-alone basic financial statements for the VCA, a discretely presented component unit of the City. The auditor will prepare and issue an auditor's opinion and conduct an audit of the VCA financial statements in accordance with Generally Accepted Auditing Standards (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States.

The financial statements, footnotes and schedules are to be prepared by the auditor.

The audit firm shall issue the VCA basic financial statements to the City no later than 90 days following the fiscal year end.

7. **Convention Center** - The City issues special purpose financial statements for assets, liabilities, revenues, and expenses of the Miami Beach Convention Center, as managed by Global Spectrum. The auditor will prepare and issue an auditor's opinion and conduct an audit of the assets, liabilities, revenues and expenses in accordance with Generally Accepted Auditing Standards (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States.

The financial statements, footnotes and schedules are to be prepared by the auditor. The audit firm shall issue the SMG special purpose financial statements to the City no later than 90 days following the fiscal year end.

8. **SNP**- The SNP governing Miami-Dade County ordinance No. 96-115 requires that an annual independent audit of all bond funds be conducted. The auditor will conduct an audit to incorporate the following:

- Tests for compliance with the grant agreement, SNP ordinance No. 96-115, applicable resolution and the SNP Administrative Rules.
- Tests for compliance with advance requirements.
- Tests for expenditures of required match dollars.
- Verification of the Fund Summary Status Report.

The audit report, notes and schedules are to be prepared by the auditor. The audit firm shall issue the SNB to the City no later than 90 days following the fiscal year end.

9. **BBC**- The BBC governing Miami-Dade County ordinance No. 05-47 requires that an annual independent audit of all bond funds be conducted. The auditor will conduct an audit to incorporate the following:

- Tests for compliance with the grant agreement, BBC ordinance No. 05-47, applicable resolution and the BBC Administrative Rules.
- Tests for compliance with advance requirements.
- Tests for expenditures of required match dollars.
- Verification of the Fund Summary Status Report.

The audit report, notes and schedules are to be prepared by the auditor. The audit firm shall issue the BBC to the City no later than 90 days following the fiscal year end.

10. **The Children's Trust** - The Children's Trust Fund (the "Trust") requires that an annual independent audit of the Trust financial statement be performed as to the specific audit requirements imposed by the Trust's contractual agreement. The auditor will prepare and issue an auditor's opinion and other reports in accordance

with the Trust agreement and in accordance with Generally Accepted Auditing Standards (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States.

The audit report, notes and schedules are to be prepared by the auditor. The audit firm shall issue the Trust audit to the City no later than 90 days following the fiscal year end.

MINIMUM SUBMITTAL AND QUALIFICATIONS REQUIREMENTS

1 Respondent's Qualifications

- a. Describe the respondent's professional development program, including the approximate number of hours of continuing education attended by the respondent. Also indicate the number of days of specialized training in governmental accounting and auditing received during the last two years of personnel to be assigned to this engagement. Indicate compliance with the State Board of Accountancy requirements applicable to audits of Florida local governments.
- b. Describe the participation of the respondent in national or state, governmental or professional, accounting or auditing Boards or Committees during the last three years.
- c. Describe the respondent's quality control programs and procedures that ensure compliance with the respondent's professional standards review and AICPA standards. Indicate whether the respondent is in the SEC Practice Section and/or the Private Companies Practice Section of the Quality Control Program. If the respondent answered positively to the preceding, attach a copy of the last Peer Review received by the respondent.
- d. Describe the respondent's (local office for national firms) experience in providing accounting and auditing services to local governments.
- e. Describe any litigation in excess of \$100,000 filed against the respondent in the State of Florida over the last three years. Also describe any terminations, suspensions, censures, reprimands, probations or similar actions against the respondent or any member of the respondent's firm by the Florida State Board of Accountancy in the last three years.
- f. The respondent will make a statement as to their independence with regard to the City.

2. Qualifications of Project Team:

List the members of the project team. Provide a list of the personnel to be used on the project and their qualifications. A resume including education, experience, licenses and any other pertinent information shall be included for each team member, including subcontractors to be assigned to each project. These resumes should be, at minimum, for the partner, the manager and the senior for this engagement. The resume should include the continuing education in governmental

auditing and other governmental audit engagements that they have undertaken.

3. Methodology and Approach:

Describe the respondent's approach to this audit engagement. This should include at least the following:

- Development of the audit program.
- Organization of the audit team and titles of team members and approximate amount of time each such class of member will spend on the audit.
- The names of the partner and manager that will be assigned to this engagement and the extent of their involvement with this engagement. Any substitution of these individuals must be approved by the Audit Committee prior to any change of staffing.
- The proposed schedule for the audit.
- Any anticipated use of internal audit staff or other City staff.
- Provide at least five (5) client references within the south Florida area.

4. Previous Similar Projects:

A list of a minimum of ten similar projects must be submitted. Information should include:

- Client Name, address, contact phone number.
- Description of similar scope of services.
- Month and Year the project was started and completed.

5. Training

The City desires to maintain and improve the level of training of its personnel assigned to the internal audit function and in accounting positions. The proposal should indicate if the firm conducts any training for its employees and if City personnel could attend such training.

6. Award of Contract

It is anticipated that the Evaluation Committee will review these proposals and recommend a qualified accounting firm to the City Manager who will make a recommendation to the City Commission. The City Commission will select the accounting firm to undertake the engagement and authorize the City Manager or his designee, to negotiate with the selected firm or firms for the engagement.

7. Performance Evaluation Surveys Provided by Prior Clients

EVALUATION/SELECTION PROCESS; CRITERIA FOR EVALUATION

The procedure for proposal evaluation and selection is as follows:

1. Request for Proposals issued.
2. Receipt of proposals.
3. Opening and listing of all proposals received.
4. An Evaluation Committee, appointed by the City Manager, shall meet to evaluate each proposal in accordance with the requirements of this RFP. If further information is desired, proposers may be requested to make additional written submissions or oral presentations to the Evaluation Committee.
5. The Evaluation Committee shall recommend to the City Manager the proposal or proposals acceptance of which the Evaluation Committee deems to be in the best interest of the City. The Evaluation Committee shall base its recommendation on the following criteria:
 - Firm's Experience in Auditing Services – 20 points
 - Qualifications of Project Team – 20 points
 - Methodology and Approach – 10 points
 - Previous Similar Projects – 15 points
 - References Provided by Prior Clients – 15 points
 - Fees – 20 points

LOCAL PREFERENCE: The Evaluation Committee will assign an additional five (5) points to Proposers, which are a Miami Beach-based vendor as defined in the City's Local Preference Ordinance.

VETERANS PREFERENCE: The Evaluation Committee will assign an additional five (5) points to Proposers, which are a small business concern owned and controlled by a veteran(s) or a service-disabled veteran business enterprise, as defined in the City's Veterans Preference Ordinance.

6. After considering the recommendation(s) of the Evaluation Committee, the City Manager shall recommend to the City Commission the proposal or proposals acceptance of which the City Manager deems to be in the best interest of the City.

7. The City Commission shall consider the City Manager's recommendation(s) in light of the recommendation(s) and evaluation of the Evaluation Committee and, if appropriate, approve the City Manager's recommendation(s). The City Commission may reject City Manager's recommendation(s) and select another proposal or proposals. In any case, City Commission shall select the proposal or proposals acceptance of which the City Commission deems to be in the best interest of the City. The City Commission may also reject all proposals.
8. Negotiations between the selected proposer and the City Manager or designee take place to arrive at a contract. If the City Commission has so directed, the City Manager may proceed to negotiate a contract with a proposer other than the top-ranked proposer if the negotiations with the top-ranked proposer fail to produce a mutually acceptable contract within a reasonable period of time.
9. If the City Commission has so approved, the City Manager or designee after successful negotiations, will present a contract acceptable to the respective parties to the City Attorney's office for approval as to form and language, and then to the Mayor and City Clerk for signature after the selected proposer has done so.

CONCLUSION

The Administration recommends that the Mayor and Commission authorize the issuance of the RFP for auditing services.

JMG/PW/aw

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