



TOWN OF LAUDERDALE-BY-THE-SEA

AGENDA ITEM REQUEST FORM

Town Manager

Connie Hoffmann

Department Submitting Request

Dept Head's Signature

<u>Commission Meeting Dates</u>	<u>Last date to turn in to Town Clerk's Office</u>	<u>Commission Meeting Dates</u>	<u>Last date to turn in to Town Clerk's Office</u>	<u>Commission Meeting Dates</u>	<u>Last date to turn in to Town Clerk's Office</u>
<input type="checkbox"/> May 25, 2010	May 14 (5:00 p.m.)	<input checked="" type="checkbox"/> July 27, 2010	July 16 (5:00 p.m.)	<input type="checkbox"/> Oct 26, 2010	Oct 15 (5:00 p.m.)
<input type="checkbox"/> June 8, 2010	May 28 (5:00 p.m.)	<input type="checkbox"/> Aug 24 2010*	Aug 13 (5:00 p.m.)	<input type="checkbox"/> Nov 9, 2010	Oct 29 (5:00p.m.)
<input type="checkbox"/> June 22, 2010	June 11 (5:00 p.m.)	<input type="checkbox"/> Sept 14, 2010	Sept 3 (5:00 p.m.)	<input type="checkbox"/> Nov 23, 2010	Nov 12 (5:00p.m.)
<input type="checkbox"/> July 13, 2010	June 2 (5:00 p.m.)	<input type="checkbox"/> Sep 27, 2010	Sept 17 (5:00 p.m.)	<input type="checkbox"/> Dec 14, 2010	Dec 3 (5:00p.m.)
		<input type="checkbox"/> Oct 12, 2010	Oct 1 (5:00p.m.)		

* Subject to change

NATURE OF AGENDA ITEM

- | | | |
|---|--|--|
| <input type="checkbox"/> Presentation | <input type="checkbox"/> Resolution | <input type="checkbox"/> Manager's Report |
| <input type="checkbox"/> Public Safety Report | <input type="checkbox"/> Quasi Judicial | <input type="checkbox"/> Attorney's Report |
| <input type="checkbox"/> Consent Agenda | <input type="checkbox"/> Old Business | <input type="checkbox"/> Other |
| <input type="checkbox"/> Ordinance | <input checked="" type="checkbox"/> New Business | |

SUBJECT TITLE: SELECTION OF FIRM TO CONDUCT TOWN'S ANNUAL AUDIT

EXPLANATION: SUBJECT TITLE: SELECTION OF FIRM TO CONDUCT TOWN'S ANNUAL AUDIT

EXPLANATION: The Town received seven proposals to conduct our annual audit. The staff deemed one firm non-responsive and the Audit Committee met on Monday, July 19th to review the remaining six proposals. They ranked the firms and recommended that the Commission consider the three highest-ranked proposers – 1. Grau & Associates, 2. Cherry, Beakeart & Holland L.L.P., and 3. Nowlen, Holt & Miner P.A. The minutes of the Audit Committee and the ranking details are attached as exhibits to this item.

The Commission is limited by Section 218.391(4), Florida Statutes, to choose from the top three-ranked firms by the Audit Committee. If the Commission does not choose the first-ranked bidder, the statute requires the Commission to document its reason for not selecting the highest ranked firm. See Section 218.391(4)(b).

EXHIBIT: **Audit Committee Minutes of July 19, 2010**
 Audit Committee Scoring tabulation
 Proposals submitted by top three firms as ranked by the Audit Committee
 State Statute 218.391

Town Manager's Initials: CH

07-23-10A08:50 RCVD

**TOWN OF LAUDERDALE-BY-THE-SEA
AUDIT COMMITTEE MEETING**

JARVIS HALL
4505 Ocean Drive
Monday, July 19, 2010
1:30P.M.

Interim Town Manager Connie Hoffmann called the meeting to order at 1:45pm. Present were committee members Ben Freeny, John Oughton and 1st alternate Patrick Murphy, and Interim Director of Finance and Budget Doug Haag. Ray Wolowicz arrived shortly after the meeting was called to order. It was announced that Patrick Murphy was serving in the capacity of a voting member instead of the alternate at this meeting as Ben Freeny had been out of town and had not had sufficient time to thoroughly evaluate all of the proposals.

Attending in the audience were representatives of the following audit firms:

- Cherry, Bekaert & Holland LLP
- GLSC & Company PLLC
- Grau & Associates
- MarcumRachlin
- Nowlen, Holt & Miner PA

The first order of business was approval of the minutes from the meeting on June 14, 2010. Motioned by Oughton and seconded by Murphy to approve as presented. Passed.

The second order of business was election of a chairperson. Motioned by Murphy and seconded by Oughton to approve Ben Freeny as chairperson. Passed.

Interim Director Haag distributed a handout with a proposed scoring matrix that weighted the proposals based on 35% for pricing and 65% for technical qualifications, as dictated by the RFP. The committee modified the scoring matrix as per the attached.

A second handout summarized the pricing in detail for each proposal and suggested scoring that was based on the low bidder receiving the maximum of 35 points. The committee members were asked to only consider the Year 1 pricing in their scoring because the RFP did not require that pricing be included for the four optional years. The calculation of the other scores was based on how much higher each of the other proposals was in comparison to the low bidder for Year 1 (Grau & Associates at \$32,000) on a percentage basis. Doug

Haag provided an example using GLSC & Company PLLC and MarcumRachlin who tied for second with pricing of \$45,000. Their scoring was calculated as follows:

1. \$45,000 - \$32,000 for the low bidder = A difference of \$13,000
2. The \$13,000 is higher than the Grau bid by 41%. ($\$13,000/\$32,000$)
3. The scoring for GLSC & Company PLLC and MarcumRachlin was calculated by deducting 41% from the maximum, or,
4. 35 points – 14 points (35 points X 41%)
5. Awarded 21 points

Committee members concurred with the scoring methodology for the pricing.

A question and answer period followed in which committee members asked questions of the firms in attendance. During the question and answer session, a clarification was made by the firms in attendance as to whether or not the cost of a single audit was included in each of their proposals. The results were as follows:

- Cherry, Bekaert & Holland LLP – Included in Year 1 pricing of \$48,000 but did not specify as to the amount
- GLSC & Company PLLC – Excluded from pricing
- Grau & Associates – Excluded from pricing
- MarcumRachlin – Excluded from pricing
- Nowlen, Holt & Miner PA – Their proposal specified that they had included \$5,500 in Year 1 pricing of \$52,500 and so that was then deducted for scoring purposes. i.e. scoring was based on Year 1 pricing of \$47,000 ($\$52,500 - \$5,500$)

At the conclusion of the question and answer period each committee member scored the proposals based on the methodology and matrix that was previously agreed upon. The individual scores were tabulated and an average score calculated for each firm. Based on the tabulation of the scoring, the firms were ranked as follows:

Rank	Firm Name	Score
1	Grau & Associates	83.67
2	Cherry, Bekaert & Holland LLP	76.17
3	Nowlen, Holt & Miner PA	72.17
4	GLSC & Company PLLC	68.00
5	MarcumRachlin	67.00
6	Harvey, Covington & Thomas LLC	63.20

The Committee decided to recommend that the Town commission consider the top three ranked firms in the order ranked.

Rank	Firm Name	Score
1	Grau & Associates	83.67
2	Cherry, Bekaert & Holland LLP	76.17
3	Nowlen, Holt & Miner PA	72.17

A discussion followed regarding what the next steps were in the process. Interim Town Manager Connie Hoffmann stated that the committee's findings would be presented to the Commission at their next regular meeting on July 27, 2010 and if possible, committee members should be present.

Meeting adjourned.

RFP FOR PROFESSIONAL AUDITING SERVICES - SCORING TABULATION

Cherry, Bekaert & Holland LLP	GLSC & Company PLLC	Grau & Associates	Harvey, Covington & Thomas LLC	Marcum Rachlin	Nowlen, Holt & Miner P.A.	MAXIMUM SCORE	1. MANDATORY ELEMENTS
							a. <i>The audit firm is independent and licensed to practice in Florida.</i> John Oughton Raymnd Wolowicz W. Patrick Murphy
0.0	0.0	0.0	0.0	0.0	0.0		Total Score
0.0	0.0	0.0	0.0	0.0	0.0	0.0	Average Score
							b. <i>The audit firm's professional personnel have received adequate continuing professional education within the preceding 2 years in accordance with the requirements of the Florida State Board of Accountancy and Government Auditing Standards.</i> John Oughton Raymnd Wolowicz W. Patrick Murphy
2	2	2	2	2	2		
1	0	0	1	0	2		
2	2	2	2	2	2		
5.0	4.0	4.0	5.0	4.0	6.0		Score
1.7	1.3	1.3	1.7	1.3	2.0	2.0	Average Score
							c. <i>The firm has no conflict of interest with regard to any other work performed by the firm for the Town.</i> John Oughton Raymnd Wolowicz W. Patrick Murphy
0.0	0.0	0.0	0.0	0.0	0.0		Score
0.0	0.0	0.0	0.0	0.0	0.0	0.0	Average Score
							d. <i>The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.</i> John Oughton Raymnd Wolowicz W. Patrick Murphy
3	3	3	3	3	4		
4	2	3	2	2	5		
5	4	4	3	3	3		
12.0	9.0	10.0	8.0	8.0	12.0		Score
4.0	3.0	3.3	2.7	2.7	4.0	5.0	Average Score
							e. <i>The firm adheres to the instructions in this RFP for preparing and submitting the proposal.</i> John Oughton Raymnd Wolowicz W. Patrick Murphy
3	2	1	2	2	2		
3	2	2	2	3	3		
5	4	4	2	4	3		
11.0	8.0	7.0	6.0	9.0	8.0		Score
3.7	2.7	2.3	2.0	3.0	2.7	3.0	Average Score
							f. <i>In the past 5 years the audit firm shall have generated a minimum of 33% of the firm's business from governmental audit work.</i> John Oughton Raymnd Wolowicz W. Patrick Murphy
4	4	5	5	3	3		
5	4	2	2	3	5		
5	4	5	3	4	3		
14.0	12.0	12.0	10.0	10.0	11.0		Score
4.7	4.0	4.0	3.3	3.3	3.7	5.0	Average Score
14.0	11.0	11.0	9.7	10.3	12.3	15.0	TOTAL SCORE - MANDATORY ELEMENTS

RFP FOR PROFESSIONAL AUDITING SERVICES - SCORING TABULATION

2. TECHNICAL QUALIFICATIONS						
A. Expertise and Experience						
<i>(1) The firm's experience and performance on comparable government engagements, including recognized CAFR awards of their clients. (Name and contact information is to be provided in the response to the RFP of the CEO and finance director of at least 5 recent governmental audit clients.)</i>						
15	15	15	15	15	15	John Oughton
15	10	10	10	10	15	Raymnd Wolowicz
15	14	15	12	13	12	W. Patrick Murphy
45.0	39.0	40.0	37.0	38.0	42.0	Score
15.0	13.0	13.3	12.3	12.7	14.0	15.0 Average Score
<i>(2) The quality and experience of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.</i>						
15	14	11	12	11	14	John Oughton
15	10	10	10	10	15	Raymnd Wolowicz
15	13	15	12	12	13	W. Patrick Murphy
45.0	37.0	36.0	34.0	33.0	42.0	Score
15.0	12.3	12.0	11.3	11.0	14.0	15.0 Average Score
<i>(3) The firm's experience in providing financial reporting to government securities underwriting.</i>						
5	4	4	5	4	4	John Oughton
5	4	4	4	5	5	Raymnd Wolowicz
5	2	5	2	3	3	W. Patrick Murphy
0.0	0.0	0.0	0.0	0.0	0.0	Score
0.0	0.0	0.0	0.0	0.0	0.0	5.0 Average Score
B. Audit Approach						
<i>(1) Adequacy of qualified staffing plan for various segments of the engagement.</i>						
4	4	5	5	5	5	John Oughton
5	3	3	3	4	5	Raymnd Wolowicz
5	4	5	4	4	4	W. Patrick Murphy
14.0	11.0	13.0	12.0	13.0	14.0	Score
4.7	3.7	4.3	4.0	4.3	4.7	5.0 Average Score
<i>(2) Adequacy of sampling techniques.</i>						
5	3	4	4	4	5	John Oughton
5	3	3	3	4	5	Raymnd Wolowicz
5	4	5	3	3	3	W. Patrick Murphy
15.0	10.0	12.0	10.0	11.0	13.0	Score
5.0	3.3	4.0	3.3	3.7	4.3	5.0 Average Score
<i>(3) Adequacy of analytical procedures.</i>						
5	3	4	5	4	4	John Oughton
5	4	3	4	4	5	Raymnd Wolowicz
5	4	5	4	4	4	W. Patrick Murphy

RFP FOR PROFESSIONAL AUDITING SERVICES - SCORING TABULATION

15.0	11.0	12.0	13.0	12.0	13.0		Score
5.0	3.7	4.0	4.3	4.0	4.3	5.0	Average Score
44.7	36.0	37.7	35.3	35.7	41.3	50.0	TOTAL SCORE - TECHNICAL QUALIFICATIONS
58.7	47.0	48.7	45.0	46.0	53.7	65.0	TOTAL OVERALL SCORE
17.5	21	35	18.2	21	18.5	35.0	PRICING SCORE
76.16667	68	83.666667	63.2	67	72.16667	100.0	GRAND TOTAL SCORE

2

1

3

RFP FOR PROFESSIONAL AUDITING SERVICES

Cherry, Bekaert & Holland LLP	GLSC & Company PLLC	Grau & Associates	Harvey, Covington & Thomas LLC	Marcum Rachlin	Nowlen, Holt & Miner P.A.	ALL-INCLUSIVE MAXIMUM PRICE
Year 1: 48,000 Year 2: 49,500 Year 3: 51,000 Year 4: 52,500 Year 5: 54,000 <i>Included a provision to possibly increase fees</i>	Year 1: 45,000 Year 2: 47,500 Year 3: 50,000 Year 4: 53,000 Year 5: 56,000	Year 1: 32,000	Year 1: 47,250 <i>Includes 2,250 for special procedures</i>	Year 1: 45,000 Year 2: 46,350 Year 3: 47,750 Year 4: 49,650 Year 5: 51,600	Year 1: 52,500 Year 2: 54,100 Year 3: 55,700 Year 4: 57,500 Year 5: 59,100 <i>Deduct 5,500 from above if no single audit</i>	
\$48,000	\$45,000	\$32,000	\$47,250	\$45,000	\$47,000	Year 1: City audit only Current Bid
17.5	21	35	18.2	21	18.5	Score

Select Year: 2009

The 2009 Florida Statutes

<u>Title XIV</u>	<u>Chapter 218</u>	<u>View Entire</u>
TAXATION AND	FINANCIAL MATTERS PERTAINING TO POLITICAL	<u>Chapter</u>
FINANCE	SUBDIVISIONS	

218.391 Auditor selection procedures.--

(1) Each local governmental entity, district school board, charter school, or charter technical career center, prior to entering into a written contract pursuant to subsection (7), except as provided in subsection (8), shall use auditor selection procedures when selecting an auditor to conduct the annual financial audit required in s. 218.39.

(2) The governing body of a charter county, municipality, special district, district school board, charter school, or charter technical career center shall establish an audit committee. Each noncharter county shall establish an audit committee that, at a minimum, shall consist of each of the county officers elected pursuant to s. 1(d), Art. VIII of the State Constitution, or a designee, and one member of the board of county commissioners or its designee. The primary purpose of the audit committee is to assist the governing body in selecting an auditor to conduct the annual financial audit required in s. 218.39; however, the audit committee may serve other audit oversight purposes as determined by the entity's governing body. The public shall not be excluded from the proceedings under this section.

(3) The audit committee shall:

(a) Establish factors to use for the evaluation of audit services to be provided by a certified public accounting firm duly licensed under chapter 473 and qualified to conduct audits in accordance with government auditing standards as adopted by the Florida Board of Accountancy. Such factors shall include, but are not limited to, ability of personnel, experience, ability to furnish the required services, and such other factors as may be determined by the committee to be applicable to its particular requirements.

(b) Publicly announce requests for proposals. Public announcements must include, at a minimum, a brief description of the audit and indicate how interested firms can apply for consideration.

(c) Provide interested firms with a request for proposal. The request for proposal shall include information on how proposals are to be evaluated and such other information the committee determines is necessary for the firm to prepare a proposal.

(d) Evaluate proposals provided by qualified firms. If compensation is one of the factors established pursuant to paragraph (a), it shall not be the sole or predominant factor used to evaluate proposals.

(e) Rank and recommend in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services after considering the factors established pursuant to paragraph (a). If fewer than three firms respond to the request for proposal, the committee shall recommend such firms as it deems to be the most highly qualified.

(4) The governing body shall inquire of qualified firms as to the basis of compensation, select one of the firms recommended by the audit committee, and negotiate a contract, using one of the following methods:

(a) If compensation is not one of the factors established pursuant to paragraph (3)(a) and not used to evaluate firms pursuant to paragraph (3)(e), the governing body shall negotiate a contract with the firm ranked first. If the governing body is unable to negotiate a satisfactory contract with that firm, negotiations with that firm shall be formally terminated, and the governing body shall then undertake negotiations with the second-ranked firm. Failing accord with the second-ranked firm, negotiations shall then be terminated with that firm and undertaken with the third-ranked firm. Negotiations with the other ranked firms shall be undertaken in the same manner. The governing body, in negotiating with firms, may reopen formal negotiations with any one of the three top-ranked firms, but it may not negotiate with more than one firm at a time.

(b) If compensation is one of the factors established pursuant to paragraph (3)(a) and used in the evaluation of proposals pursuant to paragraph (3)(d), the governing body shall select the highest-ranked qualified firm or must document in its public records the reason for not selecting the highest-ranked qualified firm.

(c) The governing body may select a firm recommended by the audit committee and negotiate a contract with one of the recommended firms using an appropriate alternative negotiation method for which compensation is not the sole or predominant factor used to select the firm.

(d) In negotiations with firms under this section, the governing body may allow a designee to conduct negotiations on its behalf.

(5) The method used by the governing body to select a firm recommended by the audit committee and negotiate a contract with such firm must ensure that the agreed-upon compensation is reasonable to satisfy the requirements of s. 218.39 and the needs of the governing body.

(6) If the governing body is unable to negotiate a satisfactory contract with any of the recommended firms, the committee shall recommend additional firms, and negotiations shall continue in accordance with this section until an agreement is reached.

(7) Every procurement of audit services shall be evidenced by a written contract embodying all provisions and conditions of the procurement of such services. For purposes of this section, an engagement letter signed and executed by both parties shall constitute a written contract. The written contract shall, at a minimum, include the following:

- (a) A provision specifying the services to be provided and fees or other compensation for such services.
- (b) A provision requiring that invoices for fees or other compensation be submitted in sufficient detail to demonstrate compliance with the terms of the contract.
- (c) A provision specifying the contract period, including renewals, and conditions under which the contract may be terminated or renewed.
- (8) Written contracts entered into pursuant to subsection (7) may be renewed. Such renewals may be done without the use of the auditor selection procedures provided in this section. Renewal of a contract shall be in writing.

History.--s. 65, ch. 2001-266; s. 1, ch. 2005-32.

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**PROFESSIONAL AUDITING SERVICES
PROPOSALS ARE AVAILABLE AT THE
TOWN CLERKS OFFICE
FOR PUBLIC VIEWING**
