



**CITY OF MADEIRA BEACH, FLORIDA
REQUEST FOR PROPOSALS No. 20-06
FINANCIAL AUDITING SERVICES**

I. INTRODUCTION

A. General Information

The City of Madeira Beach is requesting proposals from qualified firms to perform its financial audit for the fiscal years ending September 30, 2020, September 30, 2021 and September 30, 2022 with the option to renew for up to two additional one-year terms. Auditing services shall be performed in accordance with the auditing standards as outlined in this Request for Proposal (RFP).

The City will not reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

Firms must submit their **sealed** proposals by Tuesday, September 1, 2020 at 2:00 pm. All firms are to include one (1) proposal marked "ORIGINAL," one (1) electronic copy on a thumb drive, and eight (8) proposals marked "COPY." Proposals must be received by the Finance Director at 300 Municipal Drive, Madeira Beach, FL 33708 by 2:00 p.m. on Tuesday, September 1, 2020. The City of Madeira Beach reserves the right to reject any or all proposals submitted.

The Auditor Selection Committee will evaluate submitted proposals based on the criteria outlined in Section VII of this RFP. The top ranked firm(s) will be subject to review and ultimate approval by the Board of Commissioners (BOC).

During the evaluation process, the City reserves the right to request additional information or clarifications from proposers, or to allow correction of errors or omissions. At the discretion of the City, firms submitting a proposal may be requested to participate in an interview process.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP.

Any person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a proposal to provide any goods or services to a public entity, may not submit a proposal with a public entity for the construction or repair of a public building or public work, may not submit a proposal on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or



consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Florida State Statutes Section 287.017, for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

B. Contract Term

A three-year agreement is expected, subject to the satisfactory negotiation of terms, the approval of the Board of Commissioners (BOC), and the annual availability of appropriations. Two additional one-year options are also available for renewal based on mutual agreement by the auditor and the City, contingent on budget appropriations. Each annual contract will be evidenced by an engagement letter signed and executed by both the City and the selected firm.

C. Insurance

Before starting and until termination of work for, or on behalf of, the City of Madeira Beach, the audit firm shall procure and maintain insurance of the types and to the limits specified below:

<u>Type of Insurance</u>	<u>Minimum Coverage</u>
General Liability	\$1,000,000
Professional Liability	\$1,000,000
Workers Compensation	As Required by Law

As evidence of the above listed coverage, a Certificate of Insurance listing the City of Madeira Beach as an additional insured shall be provided prior to the beginning of field work.

II. NATURE OF SERVICES REQUIRED

A. General

The City of Madeira Beach is soliciting the services of qualified firms of certified public accountants to audit its financial statements for fiscal years ending September 30, 2020, September 30, 2021 and September 30, 2022 with the option to renew for up to two additional one-year terms. These audits are to be performed in accordance with the Auditing Standards as outlined in this Request for Proposal (RFP).

B. Scope of Work to be Performed

The City of Madeira Beach desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with the audit standards as outlined in Section II C below. The auditor shall also be responsible for performing certain limited procedures involving supplementary information



required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The selected auditor will be expected to opine on the City's financial statements and review the adequacy of the City's internal control framework. While it is understood that the auditor's primary focus and opinion is based on internal control issues that may impact the financial statements, the City also expects the auditor to reasonably assess the organization's control environment, inherent risks, and policies and procedures designed to mitigate risks.

The selected auditor will be expected to coordinate directly with the City Finance Director on all aspects of the audit process. The auditor's estimated schedule, request list, fieldwork process, and reporting should all be communicated to the City Finance Director. Upon completion of the audit process, the auditor will be expected to present its work to the Board of Commissioners (BOC). This should not be interpreted as a "CAFR presentation" to the BOC, but rather a presentation of the auditor's opinion regarding the City's financial statements and internal control framework. The auditor will be expected to coordinate this presentation with the City Finance Director.

The auditor may be expected to format the City's financial statements in accordance with all applicable professional standards as required for the GFOA Certificate of Achievement for Excellence in Financial Reporting. The requested fee proposal regarding "CAFR preparation" should be based on this estimated workload. If this option is exercised, management will present the final year-end general ledger to the auditor and maintain responsibility for reconciliation of the general ledger from the internal basis of accounting. All introductory materials (i.e. memos, MD&A, etc.), reconciliations, footnotes, supplemental information and statistics would be prepared or coordinated with the City Finance Director.

Occasionally the City is the recipient of state and federal grants, which may require the performance of single audit procedures in any given fiscal year. Therefore, the fee proposal requested includes a component for the single audit to be utilized if necessary.

C. Auditing Standards to be Followed

To meet the requirements of this RFP, the audit shall be performed in accordance with:

1. Generally Accepting Auditing Standards as set forth by the American Institute of Certified Public Accountants;
2. The standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*;



3. The provisions of the Uniform Guidance and Florida Single Audit Act, if applicable; and
4. The State of Florida, *Rules of the Auditor General*.

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. All required reports on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards and schedule of state financial assistance and related reports to the financial statements, if applicable.
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements.
3. A report on compliance and internal control over compliance applicable to each major federal program, if applicable.

In the required reports on compliance and internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report(s) on compliance and internal controls.

The reports on compliance and internal controls shall include **all** instances of noncompliance.

Irregularities and illegal acts. Auditors shall be required to make an immediate, **written** report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the City Manager, City Attorney, and Mayor (in that order).

E. Special Considerations

The City of Madeira Beach has received the Certificate of Achievement for Excellence in Financial Reporting each year since 1998. The CAFR for each of



the fiscal years covered by this RFP will be submitted to the Government Finance Officers Association of the United States and Canada for consideration for the certificate. It is anticipated that the auditor may be required to provide special assistance to the City to meet the requirements of the program.

F. Work Paper Retention and Access

All working papers and reports must be retained, at the auditor's expense, for a minimum of five years after the completion date of the audit, unless the firm is notified in writing by the City of Madeira Beach of the need to extend the retention period. The auditor will be required to make their working papers available, upon request, to the following parties or their designees:

- City of Madeira Beach and any consultants engaged by the City
- Appropriate Cognizant Agency
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments or by the City of Madeira Beach as part of an audit quality review process.
- Auditors of entities of which the City of Madeira Beach is a sub-recipient of grant funds.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE GOVERNMENT

A. Contact Person

The auditor's principal contact and the designated representative for the City of Madeira Beach is the City Finance Director. This contact will coordinate the assistance to be provided by the City of Madeira Beach to the proposers, including reviewing the City's current work papers and coordinating inquiries concerning financial aspects of the City's operation.

B. Background Information

The City of Madeira Beach serves an area of approximately two square miles with a population of approximately 4,700. The City's fiscal year begins on October 1st and ends on September 30th of each year.

The City provides a traditional scope of services, including fire protection and EMS; maintenance of parks, streets and other infrastructure; stormwater and sanitation services; a municipal marina; recreational programs and events; planning and zoning; and parking enforcement. Pinellas County Utilities provides potable water service and purchased the City's sewer collection system



on October 1, 2006. Law Enforcement services are provided by the Pinellas County Sheriff's Office. The City of Madeira Beach has over 70 full-time equivalent (FTE) employees.

More detailed information on the government and its finances can be found in the Annual Budget and CAFR, which are available on the City's website. Please see www.madeirabeachfl.gov.

C. Fund Structure

The City of Madeira Beach is using the following funds in its financial reporting for the fiscal year ending September 30, 2020:

Governmental Funds: General Fund
 Debt Service Fund

Non-Major Governmental Funds: Local Option Sales Tax Fund
 Archibald Fund
 Building Fund
 Gas Tax Fund

Proprietary Funds: Sanitation Fund
 Stormwater Fund
 Marina Fund

D. Pension Plans

The City contributes to a defined contribution pension plan administered by the ICMA-RC for all general employees hired after January 1, 1996. The City contributes to the Florida Retirement System for all general employees hired before January 1, 1996 and all firefighters, regardless of date of hire.

E. Component Units

There are no component units.

F. Joint Ventures

The City of Madeira Beach participates in no joint ventures with other governments.

G. Size and Nature of Financial Operations

The Finance Director (Charter Officer) works with the City Manager (Charter Officer) to manage the City's financial, information technology (IT), and parking enforcement functions. The Finance Department consists of four individuals, including the Finance Director, Accounting Manager, Fiscal Coordinator, and Administrative Assistant. IT services are provided contractually through a third party and the City has implemented cloud-based



computing and cyber security. Payroll is processed through Paychex. Utility billing services are provided by Pinellas County. The finance staff uses the TylerTech MUNIS accounting software, which interfaces directly with other city departments.

IV. ANTICIPATED SCHEDULE

A. Schedule Outline for Year-End Close and Audit

The City recommends the following audit schedule for the fiscal year ending September 30, 2020. Specific dates and times are subject to mutual agreement by the auditor and the Finance Director. The schedule for future fiscal years will be structured similarly.

September - October:	Interim audit and/or informal meetings between Finance Director and auditor
Early November:	Pre-audit meetings and review
November 30, 2020:	Fiscal year closed
January 4, 2021:	Audit team to begin fieldwork
January 18, 2021:	Fieldwork completed
January – February:	Audit review and preparation of financial statements
March 10, 2021:	Auditor presentation to City Commission
March 25, 2021:	Internal deadline for submission of CAFR to GFOA

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

The following items will be performed and provided by the City:

1. Preparation of the confirmations and lead schedules.
2. Assistance in providing paid invoices, cancelled checks and other supporting documentation as requested by the firm.



3. Year-end closing of the books of account and preparation of necessary adjusting journal entries.
4. Preparation of schedules and related materials as requested.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries concerning the RFP must be directed **in writing** to:

Andrew Laflin, Finance Director
City of Madeira Beach
300 Municipal Drive
Madeira Beach, FL 33708

or by e-mail to alaflin@madeirabeachfl.gov

Inquiries must reference proposal title and number and must be received at least five (5) working days prior to the proposal submittal date. Interpretations will be made in the form of an addendum with copies distributed to each party to whom the City has provided a copy of the proposal documents. No other verbal or written information should be relied upon.

2. Submission of Proposals

The format and information content of the proposals must be consistent with the following and the proposals must be received by the City Finance Director, 300 Municipal Drive, Madeira Beach, FL 33708 by 2:00 p.m. on Tuesday, September 1, 2020 to be considered:

- a. Proposal Form
The Proposal Form shows the RFP subject; firm name; name, address and telephone number of the contact person; and date of the proposal.
- b. Table of Contents
- c. Transmittal Letter
A signed letter of transmittal briefly stating the firm's understanding of the work to be performed as outlined in



this RFP and the commitment to perform the work within the time period.

d. Detailed Proposal

The detailed proposal shall follow the order set forth in Section VI. B., below.

B. Proposals

1. **General Requirements**

The purpose of this RFP is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of Madeira Beach in conformity with the requirements of this RFP. As such, the substance of the proposals will carry more weight than its form or manner of presentation. The proposal shall demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It shall also specify an audit approach that will meet the RFP requirements.

The proposal shall address all the points outlined in the RFP. The proposal shall be prepared simply and economically, providing a straightforward, concise description of the firm's capabilities to satisfy the requirements of this RFP. While additional data may be presented, the information required in paragraphs 2 through 9, must be included.

2. **Independence**

Provide an affirmative statement that the firm is independent of the City of Madeira Beach and its component units as defined by those same standards as defined by the U. S. General Accounting Office's *Government Auditing Standards*.

In addition, during the period of this agreement, the firm shall give the City of Madeira Beach written notice of any professional relationships that are entered into that may constitute a conflict of interest relative to performing the proposed audit.

3. **License to Practice in Florida**

Include an affirmation that the firm and all assigned key professional staff are properly licensed to practice in Florida.

4. **Firm Qualifications and Experience**

State the size of the firm, size of the firm's governmental audit staff, ability of firm to furnish the required services, location of the office from which the work on this engagement is to be performed, and the number



and nature of the professional staff to be employed in this engagement on a full time basis and the number and nature of the staff to be employed in this engagement on a part time basis.

If the firm is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor shall be noted if applicable.

Submit a copy of the report on the firm's most recent external quality control review, with a statement of whether that quality control review included a review of specific government engagements.

Provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past five (5) years with state regulatory bodies or professional organizations.

5. **Partner, Supervisory and Staff Qualifications and Experience**

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who will be assigned to the engagement and provide information on the government auditing experience of each person.

Engagement partners, manager, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. Key personnel may be changed for other reasons with the prior written notification of the City of Madeira Beach.

Other audit personnel may be changed at the discretion of the firm, provided that replacements have substantially the same or better qualifications or experience.

Include a brief statement on the firm's policy on rotating staff assignments on succeeding audits.

6. **Similar Engagements with Other Government Entities**

For the firm's office that will be assigned the responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last three years that are similar to the engagement described in this RFP. The listing of these engagements should be ranked on the basis of total staff hours utilized at each. Indicate the scope of work, date, engagement



partners, total hours, and the name and telephone number of the principal client contact.

7. **Certificate of Achievement for Excellence in Financial Reporting**
Provide the total number of the firm's local government clients who have participated in the Certificate of Achievement for Excellence in Financial Reporting program.
8. **Identification of Anticipated Potential Audit Problems**
Identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City of Madeira Beach.
9. **Audit Approach and Management Letter**
Discuss briefly your firm's approach to audits of local government and the issuance of comments in the Management Letter.

VII. EVALUATION PROCEDURES

A. Preliminary Evaluations

The Auditor Selection Committee will evaluate all qualified proposals submitted. The ranking for the preliminary evaluation will be based upon the following criteria:

1. **Expertise and Experience**
 - a) The firm's independence, licenses, qualifications, experience, and performance on comparable government engagements
 - b) The quality of the firm's professional personnel to be assigned to the engagement and the support personnel available for technical consultation
2. **Audit Approach**
 - a) Adequacy of audit approach and identification of potential problems
 - b) Familiarity with the Certificate of Achievement in Financial Reporting
3. **Completeness of Proposal**



4. Audit Fees

B. Oral Interviews

Following the evaluation and ranking of the top firm(s) by the Auditor Selection Committee, the Board of Commissioners (BOC) may, at their sole discretion, schedule oral interviews. Such interviews would provide firms with an opportunity to answer any questions that the BOC may have on a firm's proposal. Not all firms may be asked to participate in the interview process. All such interviews would be conducted in accordance with Florida's Sunshine provisions.

C. Final Selection Determination

The Auditor Selection Committee shall evaluate the written proposals submitted and make a recommendation of the top firm(s) to the Board of Commissioners (BOC). It is expected that an approval of the final ranking will be made by the BOC at the September 9, 2020 regular meeting.



CITY OF MADEIRA BEACH, FLORIDA

REQUEST FOR PROPOSALS – AUDITING SERVICES

PROPOSAL FORM

PART I Proposal submitted by:

Company: _____

Address: _____

City & State: _____ Zip Code: _____

Telephone: () _____ Fax: () _____

PART II The fee proposal in this section shall be made in accordance and understanding with "Section II. Scope of Work" of the Request for Proposals RFP, Auditing Services.

ITEM NO.	DESCRIPTION	AUDIT FEE	SINGLE AUDIT PER PROGRAM (IF APPLICABLE)	CAFR PREP FEE
1.	Year One (9/30/20)	\$ _____	\$ _____	\$ _____
2.	Year Two (9/30/21)	\$ _____	\$ _____	\$ _____
3.	Year Three (9/30/22)	\$ _____	\$ _____	\$ _____

PART III Addenda:

The undersigned hereby acknowledges receipt of the following Addenda, if any, issued during the Proposal period:

ADDENDUM NO. _____ DATED _____

ADDENDUM NO. _____ DATED _____

City of Madeira Beach, Florida
Proposal Form (page 1 of 2)



PART IV Certifications:

In accordance with your Request for Proposals, instructions and specifications, attached hereto, and subject to all conditions thereof, I(we), the undersigned, hereby propose and agree if this Proposal is accepted, to contract with the City of Madeira Beach, Florida to furnish any service requested herein and deliver same without additional cost to the City of Madeira Beach at the specified location for the quotations listed above.

The undersigned further declares that he/she has carefully examined the specifications contained in the Proposal Form and is thoroughly familiar with them and their provision(s). He/She further declares that no other person than the Proposer herein named has any interest in this Proposal or in the contract to be executed, and that it is made without any connection with any other person(s) making Proposal for the same articles, and it is in all respects fair and without collusion and fraud.

Signature and Certification:

Name and Title of Authorized Representative: _____
(Print or Type)

Signature: _____ Date: _____

The City of Madeira Beach reserves the right to reject any and all Proposals or portions thereof, to waive minor defects in the process and to accept the Proposal or any combination of Proposal Items or take any other actions deemed by the City to be in the City's best interest. The City also reserves the right to assign additional work to the successful Proposer based upon their Proposal or negotiation as may be necessary to meet grant funding or completion requirements.

END OF PROPOSAL FORM
City of Madeira Beach, Florida
Proposal Form (page 2 of 2)