

To: The Honorable Mayor and Council

From: Alberto Destrade, Purchasing Director 

Date: October 25, 2016

RE: **A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA, APPROVING THE SELECTION OF RSM US LLP, TO PROVIDE THE CITY WITH INDEPENDENT AUDITING SERVICES IN ACCORDANCE WITH THE REQUEST FOR QUALIFICATIONS - INDEPENDENT AUDITING SERVICES RFQ NO. 50-15-16, AS AMENDED, PURSUANT TO STATE LAW; FURTHER AUTHORIZING THE CITY MANAGER AND CITY ATTORNEY TO NEGOTIATE AND EXECUTE AN AGREEMENT FOR THE PROVISION OF STATED SERVICES AT AN ANNUAL MOUNT NOT TO EXCEED ONE HUNDRED EIGHT THOUSAND DOLLARS (\$108,000), AND A CONTRACTUAL PERIOD OF THREE (3) YEARS WITH TWO (2) ONE (1) YEAR OPTIONS TO RENEW; PROVIDING FOR AN EFFECTIVE DATE AND FOR ALL OTHER PURPOSES.**

RECOMMENDATION

Staff is requesting that the Mayor and City Council approve the results of the Evaluation Committee's final ranking of firms in response to Requests for Qualifications (RFQ) No. 50-15-16 for Independent Auditing Services and to authorize the City Manager and City Attorney to finalize and execute an agreement with the top ranked firm, RSM US, LLP (RSM) for an annual amount not-to-exceed \$108,000.

BACKGROUND

On September 8, 2016, the City issued RFQ No. 50-15-16 soliciting Proposals from qualified and experienced Certified Public Accounting firms to provide the City with Independent Auditing Services to audit the City's financial statements. In response to this Solicitation, the City received nine (9) timely Proposals. Shortly thereafter, an Evaluation Committee was convened for the purpose of evaluating the qualifications and experience of each firm in order to make a recommendation for award to the City Manager and City Council.

The Evaluation Committee conducted a one-tier evaluation process on Tuesday, October 4, 2016, which consisted of a review of each applicant's proposal followed by a question and answer session with representatives from each firm. As a result of this evaluation, RSM was selected as the highest ranked firm, as reflected below, and the Committee recommended that they be awarded this contract.

Respondents	Committee Scores	Local Preference	Adjusted Total	Ranking Order
RSM US, LLP	449	Yes	493.9	1
S Davis & Associates, P.A.	400	Yes	440.0	2
Marcum, LLP	435	No	435.0	3
Anthony Brunson, P.A.	386	Yes	424.6	4
Moore Stephens Lovelace	416	No	416.0	5
Keefe McCullough	410	No	410.0	6
Alberni Caballero & Fierman, LLP	407	No	407.0	7
HCT Certified Public Accountants & Consultants, LLC	356	Yes	391.6	8
BDO USA, LLP	299	No	299.0	9

Following the results of the Evaluation Committee, staff proceeded to negotiate the terms and conditions of this contract with RSM. The scope of services to be performed by RSM shall include, but not be limited to, conducting annual examination of the City’s finances (e.g. financial audit, review of internal controls, management letter, data processing review, etc.), federal and state audit, Landfill Trust audit, and providing additional services as requested by the City.

The negotiated annual fee for these services is \$108,000 and shall remain fixed for the entire term of the contract, including any and all renewal periods. In addition, the initial term of this contract shall be for three (3) years, with the City’s option to renew for two (2) additional one-year terms.

Staff recommends approval of award of this contract to RSM, under the terms and conditions stated above, as the highest ranked firm by the Evaluation Committee.

FUNDING SOURCE

This contract shall be funded by the City’s General Fund.

ATTACHMENTS

- Resolution
- RFQ 50-15-16 Independent Auditing Services - Evaluation Committee Results
- RSM’s Final Price Proposal
- Sunbiz – RSM US LLC

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA, APPROVING THE SELECTION OF RSM US LLP, TO PROVIDE THE CITY WITH INDEPENDENT AUDITING SERVICES IN ACCORDANCE WITH THE REQUEST FOR QUALIFICATIONS - INDEPENDENT AUDITING SERVICES RFQ NO. 50-15-16, AS AMENDED, PURSUANT TO STATE LAW; FURTHER AUTHORIZING THE CITY MANAGER AND CITY ATTORNEY TO NEGOTIATE AND EXECUTE AN AGREEMENT FOR THE PROVISION OF STATED SERVICES AT AN ANNUAL AMOUNT NOT TO EXCEED ONE HUNDRED EIGHT THOUSAND DOLLARS (\$108,000.00), AND A CONTRACTUAL PERIOD OF THREE (3) YEARS WITH TWO (2) ONE (1) YEAR OPTIONS TO RENEW; PROVIDING FOR AN EFFECTIVE DATE AND FOR ALL OTHER PURPOSES.

WHEREAS, on September 8, 2016, the City of North Miami (“City”) advertised *Request for Qualifications - Independent Auditing Services RFQ No. 50-15-16*, as amended (“RFP”), requesting proposals from qualified and experienced Certified Public Accounting (“CPA”) firms to provide independent auditing services to review and audit the City’s financial statements in accordance with the conditions, terms and specifications contained in the RFQ (“Services”); and

WHEREAS, City administration convened an Evaluation Committee for the purpose of evaluating the nine (9) responding CPA firms, as a basis for making a recommendation for selection and for subsequent award on behalf of the City, in accordance with Section 218.391, Florida Statutes (2016); and

WHEREAS, on October 4, 2016, the City’s Evaluation Committee completed its review and ranking of all respondents, and selected RSM US LLP, as the most responsive/responsible provider of Services, whose qualifications, references and fee demonstrated to be the most advantageous to the City; and

WHEREAS, in accordance with the Evaluation Committee’s findings, the City Manager respectfully requests that the Mayor and City Council approve the selection of RSM US LLP, for the provision of Services at an annual amount not to exceed One Hundred Eight Thousand Dollars

(\$108,000.00), for a contractual period of three (3) years with two (2) one (1) year options to renew.

NOW THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA:

Section 1. **Selection Approval.** The Mayor and City Council of the City of North Miami, Florida, hereby approve the selection of RSM US LLP, to provide the City with Independent Auditing Services in accordance with the *Request for Qualifications - Independent Auditing Services RFQ No. 50-15-16*, as amended, pursuant to State law.

Section 2. **Authority of City Manager and City Attorney.** The Mayor and City Council of the City of North Miami, Florida, hereby authorize the City Manager and City Attorney to negotiate and execute an agreement for the provision of stated services at an annual amount not to exceed One Hundred Eight Thousand Dollars (\$108,000.00), and a contractual period of three (3) years with two (2) one (1) year options to renew.

Section 3. **Effective Date.** This Resolution shall be effective upon adoption.

PASSED AND ADOPTED by a _____ vote of the Mayor and City Council of the City of North Miami, Florida, this ____ day of _____, 2016.

DR. SMITH JOSEPH
MAYOR

ATTEST:

MICHAEL A. ETIENNE, ESQ.
CITY CLERK

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:

JEFF P. H. CAZEAU, ESQ.
CITY ATTORNEY

SPONSORED BY: CITY ADMINISTRATION

Moved by: _____

Seconded by: _____

Vote:

Mayor Smith Joseph, D.O., Pharm. D.
Vice Mayor Alix Desulme
Councilman Scott Galvin
Councilwoman Carol Keys, Esq.
Councilman Philippe Bien-Aime

_____ (Yes) _____ (No)
_____ (Yes) _____ (No)
_____ (Yes) _____ (No)
_____ (Yes) _____ (No)
_____ (Yes) _____ (No)



EVALUATION COMMITTEE SCORES AND RANKING

RFQ Title: Independent Auditing Services

RFQ No. 50-15-16

Meeting Date: October 4, 2016

Vendors:	Evaluator					Committee Scores	Local Preference	Adjusted Total	Ranking Order
	Miguel Augustin	Jorge Manresa	John O'Brien	Angela Reyes	Andrew Warburton				
RSM US, LLP	87	88	90	96	88	449	Yes	493.9	1
S Davis & Associates PA	68	93	79	77	83	400	Yes	440.0	2
Marcum LLP	82	100	86	81	86	435	No	435.0	3
Anthony Brunson, P.A.	78	93	75	53	87	386	Yes	424.6	4
Moore Stephens Lovelace	80	90	79	83	84	416	No	416.0	5
Keefe McCullough	70	90	77	86	87	410	No	410.0	6
Alberni Caballero & Fierman LLP	72	100	87	68	80	407	No	407.0	7
HCT Certified Public Accountants & Consultants, LLC	69	90	61	52	84	356	Yes	391.6	8
BDO USA, LLP	50	75	54	48	72	299	No	299.0	9

FINANCIAL AUDIT SERVICES

THE CITY OF NORTH MIAMI,
FLORIDA

RFQ #50-15-16

Scope of Services & Timeline, Engagement
Team and Proposed Fees

October 11, 2016



RSM US LLP
800 Brickell Avenue, Suite 1050
Miami, FL 33131
Donnovan Maginley, Partner
Phone: 305.442.8801



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www.rsmus.com

October 11, 2016

Alberto Destrade
Purchasing Director
776 NE 125th Street
North Miami, FL 33161-4116

Mr. Destrade:

RSM US LLP (RSM), in conjunction with Pierre-Canel & Associate, LLC, is pleased to have the opportunity to provide financial auditing services to the City of North Miami, Florida (the City) beginning with the fiscal year ended September 30, 2016.

This document provides the scope of services & timeline, engagement team and proposed fees for the audit services to be provided to the City.

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to the City.

Sincerely,

Donovan Maginley
Partner

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AUDIT | TAX | CONSULTING

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Scope of Services & Timeline

We have a thorough understanding of the work to be done. We will perform an audit of the City's financial statements in accordance with auditing standards generally accepted in the United States of America (GAAS); *Government Auditing Standards* issued by the Comptroller General of the United States (GAS); the provisions of the Single Audit Act; Subpart F of Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; the U.S. Office of Management and Budget's (OMB) Compliance Supplement, the Florida Single Audit Act, and guidance provided in the audit guides titled State and Local Governments, issued by the AICPA and dated March 1, 2016. We will also audit the Schedule of Restricted Assets Activity for the Landfill Closure Special Revenue Fund, for the purpose of complying with the Florida Department of Environmental Protection escrow requirements of Rule 62-701.630(5)(c), Florida Administrative Code. The audit will include obtaining an understanding of the City's system of internal controls and assessing the control environment, accounting systems and specific control procedures.

The following deliverables will be provided to the City in connection with the annual audit:

- Audit Plan;
- Independent Auditor's Report on the City's Basic Financial Statements;
- Management's Representation Letter;
- Management Letter in Accordance with the Rules of the Auditor General of the State of Florida;
- Single Audit Reports;
- Special Audit Report on the City's Landfill Trust; and
- Report to the Chairperson and Members of the City Commission

We will ensure that all deadlines are met and all deliverables will be provided in a timely and efficient manner. The following chart depicts our proposed audit timeline for fiscal year 2016.

Audit Stage	Oct	Nov	Dec	Jan	Feb	March
Planning Phase:						
Entrance conference and Audit Plan		■				
Field Work Phase:						
Interim work			■			
Final field work			■	■	■	
Perform bi-weekly status meetings				■	■	■
Reporting Phase:						
Comments on draft reports					■	
Final reports issued						■
Exit conference						■

A presentation will be made to the City commission upon issuance of all reports and when scheduled by management.

Engagement Team

The following chart represents the team that has been assigned to the City. All core team members work from our South Florida offices and each are certified public accountants (CPA). The engagement team will consist of three partners, one senior manager, one supervisor and several staff members on a full-time basis. The City will also have access to various technical personnel including resource partners, actuarial and information technology consultants, government construction recovery specialists/consultants and National Audit and Accounting Office personnel, should the need arise. All of our staff are employed full-time and will work on the City on a full-time basis.

RSM is partnering with the local North Miami CPA firm of Pierre-Canel & Associates, LLC (PCA) on this engagement. PCA will be involved in all aspects of the engagement as deemed applicable.



Proposed Fees

The All-Inclusive Maximum Price for the audit services described herein for each fiscal year follows. This includes all personnel required to fulfill the scope of services, including IT specialist, cyber security specialist, actuary, etc.

1. External Auditing Services Annual Fee - Fiscal Year ending 9/30/16	<u>\$108,000</u>
2. External Auditing Services Annual Fee - Fiscal Year ending 9/30/17	<u>\$108,000</u>
3. External Auditing Services Annual Fee - Fiscal Year ending 9/30/18	<u>\$108,000</u>
4. External Auditing Services Annual Fee - Fiscal Year ending 9/30/19	<u>\$108,000</u>
5. External Auditing Services Annual Fee - Fiscal Year ending 9/30/20	<u>\$108,000</u>

The actual fees billed in each year above will not exceed the amounts noted above unless unanticipated changes in the scope of our work are required due to (i) a change in the operating size of the City, (ii) a change in applicable laws, regulations or generally accepted auditing standards as applied in the United States, (iii) new accounting standards are issued that have a significant effect on the City and/or (iv) the incomplete or untimely receipt by us of the information on the client participation list which significantly affects our ability to perform our audit procedures on a timely and efficient basis. We will negotiate revised fees in good faith with the City's finance director, in the event of unanticipated changes in the scope of our work.

Out-of-Pocket Expense and Reimbursement Rates

All out-of-pocket expenses for firm personnel (e.g., travel, administrative fees, etc.) will be charged against the total All-Inclusive Maximum Price submitted by RSM above.

Rates for Additional Professional Services

If it should become necessary for the City to request the auditor to render any additional services to either supplement the services requested in this request for proposal or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only upon a written agreement between the City and RSM US LLP. Any such additional work will be performed at a reasonable negotiated fair rate.



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