



Audit Committee

Agenda Package

March 15, 2010

MONDAY
MARCH 15, 2010
7:00 P.M.



WESTON CITY HALL
17200 ROYAL PALM BOULEVARD
WESTON, FLORIDA

AUDIT COMMITTEE MEETING AGENDA

1. Roll Call
2. A Resolution of the Audit Committee of the City of Weston, Florida, adopting the Audit Evaluation Criteria and authorizing the preparation of the Request for Proposals for the procurement of auditor services.

Pages 3-14

3. Adjournment

PUBLIC PARTICIPATION AT AUDIT COMMITTEE MEETINGS

Anyone wishing to address the Audit Committee with regard to a matter appearing on the Agenda must sign in with the City Manager or his designee. Each individual must state his or her name and the name of the entity represented (if applicable) and the item on the agenda to be addressed prior to conclusion of the discussion of the matter. Each person addressing the Audit Committee shall approach the lectern, shall give their name and address in an audible tone of voice for the record, and unless further time is granted by the Presiding Officer, shall limit their address to three (3) minutes. All remarks shall be addressed to the Audit Committee as a body and not to any member thereof. A person speaking on an item on the agenda shall limit their comments to matters relevant to the item. No person addressing the Audit Committee shall make personal attacks on any member of the Audit Committee or any other individuals or entities. No person, other than the Audit Committee and the person having the floor, shall be permitted to enter into any discussion, either directly or through a member of the Audit Committee, without the permission of the Presiding Officer. No question shall be asked of an Audit Committee Member except through the Presiding Officer.

Any person who addresses the Audit Committee on behalf of an individual, corporation or special interest group for compensation must disclose that representation when stating his or her name, as described above.

Any person requiring auxiliary aids and services at this meeting may call the City Clerk's Office at (954) 385-2000 at least three (3) business days prior to the meeting.

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AUDIT COMMITTEE AGENDA REQUEST FORM

MEETING DATE: March 15, 2010

AGENDA ITEM NO.: 2

TITLE:

A Resolution of the Audit Committee of the City of Weston, Florida, adopting the Audit Evaluation Criteria and authorizing the preparation of the Request for Proposals for the procurement of auditor services.

REQUESTED ACTION:

Approval.

SUMMARY EXPLANATION & BACKGROUND:

Section 218.391 (3)(a), Florida Statutes, requires that the Audit Committee establish Audit Evaluation Criteria.

EXHIBITS (LIST): (i) Resolution, (ii) Audit Firm Selection Process Timeline, and (iii) Florida Statutes Section 218.391 Auditor selection procedures

PREPARED BY:

Jamie Alan Cole, Audit Committee Attorney

PETITIONER/REPRESENTATIVE:

Not Applicable

RECOMMENDED FOR CONSIDERATION BY:

John R. Flint, City Manager
Jamie Alan Cole, Audit Committee Attorney
David E. Keller, Assistant City Manager/CFO

FUNDING SOURCE:

Not Applicable

BOARD ACTION:

	M	2	Y	N		
					Approved as presented	
Member Stermer					Approved as amended	
Member Henriksson					Approved with conditions	
Member Chermak					Continued to	
Member Gomez					Deferred to	
Chair Hersh					To deny	

Notes:

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RESOLUTION NO. 2010-_____

A RESOLUTION OF THE AUDIT COMMITTEE OF THE CITY OF WESTON, FLORIDA, ADOPTING THE AUDIT EVALUATION CRITERIA AND AUTHORIZING THE PREPARATION OF THE REQUEST FOR PROPOSALS FOR THE PROCUREMENT OF AUDITOR SERVICES.

WHEREAS, First, Section 218.39, Florida Statutes requires an annual financial audit of the City's accounts and records by an independent certified public accountant retained by the City and paid from the City's public funds; and

WHEREAS, Second, City of Weston Charter Section 4.08 also provides for an independent annual audit of all City accounts; and

WHEREAS, Third, the City's engagement with its current auditor terminates upon conclusion of the audit for Fiscal Year 2009; and

WHEREAS, Fourth, Section 218.391, Florida Statutes requires the use of an Audit Committee when selecting an auditor to conduct the annual financial audit required in Section 218.39; and

WHEREAS, Fifth, the City Commission of the City of Weston, and as the governing board of the Indian Trace Development District, and as the governing board of the Bonaventure Development District on March 1, 2010 adopted Resolution No. 2010-21 wherein an Audit Committee was established for the purpose of evaluating and recommending to the City Commission the selection of an Auditor to conduct the annual financial audit; and

WHEREAS, Sixth, Section 218.391 (3)(a), Florida Statutes requires that the Audit Committee establish Audit Evaluation Criteria; and

NOW THEREFORE, BE IT RESOLVED by the Audit Committee of the City of Weston:

Section 1: The foregoing recitals contained in the preamble to this Resolution are incorporated by reference herein.

Section 2: The Audit Committee hereby adopts the Audit Evaluation Criteria attached hereto as Exhibit "A".

Section 3: The Audit Committee authorizes the preparation of a Request for Proposals for the Procurement of Auditor Services based upon the adopted Audit Evaluation Criteria.

Section 4: The appropriate City Officials are authorized to take all necessary actions and execute all necessary documents to effectuate the intent of this Resolution.

Section 5: This Resolution shall take effect upon its adoption.

A RESOLUTION OF THE AUDIT COMMITTEE OF THE CITY OF WESTON, FLORIDA, ADOPTING THE AUDIT EVALUATION CRITERIA AND AUTHORIZING THE PREPARATION OF THE REQUEST FOR PROPOSALS FOR THE PROCUREMENT OF AUDITOR SERVICES.

1 ADOPTED by the Audit Committee of the City of Weston, Florida, this 15th day of March 2010.

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Eric M. Hersh, Chair

7 ATTEST:

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Patricia A. Bates, Audit Committee Clerk

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12 Approved as to form and legality
13 for the use of and reliance by the
14 City of Weston only:

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17 _____
Jamie Alan Cole, Audit Committee Attorney

Roll Call:
Member Stermer _____
Member Henriksson _____
Member Chermak _____
Member Gomez _____
Chair Hersh _____

EXHIBIT "A"

A RESOLUTION OF THE AUDIT COMMITTEE OF THE CITY OF WESTON, FLORIDA, ADOPTING THE AUDIT EVALUATION CRITERIA AND AUTHORIZING THE PREPARATION OF THE REQUEST FOR PROPOSALS FOR THE PROCUREMENT OF AUDITOR SERVICES.

THE CITY OF WESTON

AUDIT EVALUATION CRITERIA

Section 1: Mandatory Elements

- 1.1 An affirmative statement indicating the firm is independent of the City of Weston as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards.
- 1.2 No conflicts of interest.
- 1.3 The firm and all assigned key professional staff must be registered/licensed in Florida.
- 1.4 Adhere to RFP instructions.
- 1.5 Submit last external quality control review report.
- 1.6 Location of field office in Broward, Miami-Dade or Palm Beach Counties to reduce out-of-pocket expenses.
- 1.7 Assurances of audit completion

Section 2: Technical Qualifications (60% of ranking)

2.1 FIRM QUALIFICATIONS AND EXPERIENCE

- A. Description of firm
- B. Information on results of any federal or state desk or field reviews of its audits during the last three years.
- C. Information on circumstances and status of any disciplinary action taken or pending against the firm or any of the professional staff during the past three years with state regulatory bodies or professional organizations.

2.2 PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

- A. Identify and provide resumes for staff to be assigned to audit.

- B. Describe the experience in conducting similar audits of the individuals to be assigned to the engagement
- C. Quality of management and personnel, including information on continuing professional education.
- D. Describe the organization of the proposed audit team.

2.3 PRIOR ENGAGEMENTS WITH THE CITY OF WESTON

List all engagements with the last five (5) years for the City of Weston.

2.4 SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

List and rank the five (5) most significant engagements that are similar to the engagement described in this RFP.

2.5 DESCRIBE SPECIFIC AUDIT APPROACH

- A. Proposed segmentation of the engagement.
- B. Staffing assignments and levels to be designated to each proposed segment of the engagement.
- C. Sampling techniques.
- D. Extent of use of electronic data processing software
- E. Analytical procedures.
- F. Approach to be taken to gain and document an understanding for the City of Weston's internal control structure.
- G. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- H. Approach to be taken in determining audit samples for purposes of test compliance.
- I. Describe any municipal staff support anticipated for the engagement.

2.6 GFOA CERTIFICATES OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

Indicate the percentage of municipal audits performed during the last five (5) years which have received the GFOA Certificate of Achievement for Excellence in Financial Reporting.

ADDITIONAL INFORMATION

- A. A summary of any litigation filed against the proposer in the past five years which is related to the services the proposer provides in the regular course of business.
- B. Provide a financial statement, annual report or other similar evidence of proposer's financial stability.
- C. Identify the type of business entity (e.g., sole proprietorship, partnership, corporation, etc.).
- D. Provide the federal employer ID number of the proposer.
- E. Any additional information pertinent consideration.

Section 3: A separate, sealed dollar cost proposal (40% of ranking)

- 3.1 Must contain total, all-inclusive maximum price.
- 3.2 List rates by partner, specialist, supervisory and staff level and time hours anticipated for each.
- 3.3 Out of pocket expenses included in total all-inclusive maximum price; list reimbursement rates.
- 3.4 Rates for any additional professional services.
- 3.5 Grand total price (for all possible years of the engagement).

Section 4: Term

- 4.1 One year with four one-year options to extend, for a total not to exceed five years.

THE CITY OF WESTON

AUDIT FIRM SELECTION PROCESS TIMELINE: Option 1

March 15, 2010 **Audit Selection Committee**

- 1.1 Review and select criteria.
- 1.2 Direct staff to prepare RFP based upon criteria.

April 5, 2010 **Audit Selection Committee**

- 2.1 Review and approve RFP
- 2.2 Request City Manager to advertise and issue RFP

May 11, 2010 **Staff**

- 3.1 Staff opens RFP responses at City Hall.
- 3.2 Distribution of RFP responses to Audit Selection Committee

June 7, 2010 **Audit Selection Committee**

- 4.1 Preliminary Ranking of Proposers by Technical Portion.

June 21, 2010 **Audit Selection Committee**

- 5.1 Oral presentations by top three preliminary ranked firms.
- 5.2 Final Ranking of top three proposers by Technical Portion.
- 5.3 Open Price Submissions from top three firms
- 5.4 Final overall ranking and recommendation of audit firm.

July 6, 2010 **City Commission**

- 6.1 Resolution to authorize City Manager to execute the contract with recommended firm.

THE CITY OF WESTON

AUDIT FIRM SELECTION PROCESS TIMELINE: Option 2

March 15, 2010 **Audit Selection Committee**

- 1.1 Review and select criteria.
- 1.2 Direct staff to prepare RFP based upon criteria.

April 5, 2010 **Audit Selection Committee**

- 2.1 Review and approve RFP
- 2.2 Request City Manager to advertise and issue RFP

May 11, 2010 **Staff**

- 3.1 Staff opens RFP responses at City Hall.
- 3.2 Distribution of RFP responses to Audit Selection Committee

May 17, 2010 **Audit Selection Committee**

- 4.1 Preliminary Ranking of Proposers by Technical Portion.

June 7, 2010 **Audit Selection Committee**

- 5.1 Oral presentations by top three preliminary ranked firms.
- 5.2 Final Ranking of top three proposers by Technical Portion.
- 5.3 Open Price Submissions from top three firms
- 5.4 Final overall ranking and recommendation of audit firm.

June 21, 2010 **City Commission**

- 6.1 Resolution to authorize City Manager to execute the contract with recommended firm.

The 2009 Florida Statutes

Title XIV
TAXATION AND
FINANCE

Chapter 218
FINANCIAL MATTERS PERTAINING TO POLITICAL
SUBDIVISIONS

View Entire
Chapter

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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