

City of
Gainesville

Inter-Office Communication

March 5, 2014

TO: Audit, Finance and Legislative Committee
Mayor Ed Braddy, Chair
Mayor-Commissioner Pro Tem Randy Wells, Member

FROM: Brent Godshalk, City Auditor

SUBJECT: Issuance of Request for Proposals for Professional Auditing Services for the Annual Financial Statements Audit – Gainesville Regional Utilities Segment

Recommendation

The Audit, Finance and Legislative Committee recommend the City Commission authorize the issuance of a Request for Proposals (RFP) for professional auditing services for the annual financial statements audit – Gainesville Regional Utilities (GRU) segment utilizing the proposed methodology and selection factors.

Explanation

Florida Statutes section 218.39 and Gainesville Code of Ordinances section 2-433 require the City Commission to employ an independent certified public accountant, not connected with the government of the City, to audit the accounts maintained and the financial statements prepared by the City for each fiscal year. The current contract with Ernst & Young, LLP for the GRU segment for professional auditing services concludes with the audit of the September 30, 2013 financial statements. Ernst & Young, LLP has indicated that they are not currently interested in an option to extend the contract for an additional three years. Therefore, the procurement of a new contract for professional auditing services requires the issuance of an RFP as soon as possible.

Audit Committee Responsibilities

Florida Statutes section 218.391 requires municipalities to establish an audit committee, indicates that the primary purpose of the audit committee is to assist the governing body in selecting an auditor to conduct the required annual financial audit and provides specific guidance on the role of the audit committee in the selection process. Designated audit committee responsibilities include:

- Establishing factors to be used for evaluating proposals for audit services. Such factors shall include, but are not limited to, ability of personnel, experience, ability to furnish the required services and such other factors deemed applicable by the committee. Florida Statutes specifically allow compensation to be one of the selection factors established, but prohibit using compensation as the sole or predominant factor for evaluating proposals.
- Publicly announcing the RFP.
- Providing interested firms with the RFP.
- Evaluating proposals provided by qualified firms.

- Ranking and recommending in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services. If fewer than three firms respond to the RFP, the committee shall recommend such firms as it deems to be the most highly qualified.

RFP Approach

City finances are segmented into two major areas, General Government and GRU. At this time, firms will be requested to propose only on the GRU segment. To help maintain the current bond rating held by GRU, the City will only award a contract for the GRU segment to an auditing firm of nationally-recognized standing and with experience auditing comparable multi-utility municipally-owned utility systems.

Proposal Evaluation Process

Evaluators within the City Auditor’s Office and the General Government and GRU Finance Departments will review proposals against established criteria. The evaluation process will be performed consistent with the GRU purchasing guidelines and will be conducted in three phases:

- Phase 1: Evaluators will review each proposal and determine if each is responsive to the minimum mandatory technical provisions of the RFP. Mandatory criteria include items such as license to practice in Florida, being independent and having no conflict of interest.
- Phase 2: All responsive proposals will be evaluated according to listed criteria (see Table 1) and will be assigned a composite score for technical criteria, excluding the Fee Proposal.
- Phase 3: Purchasing staff will open Fee Proposals for firms deemed qualified and assign points to each proposal with higher points given to the lowest submitted Fee Proposal. Based on the combined technical and fee proposal evaluations, the City may request oral presentations from the top ranked vendors, where additional information will be provided regarding firm qualifications, approach to the project and ability to furnish the required services.

The evaluation process will include assessing the following criteria and assigning up to the maximum composite score for each proposal. Qualified local businesses will be assigned an additional five percent of the total evaluation points in accordance with the City’s Local Preference Ordinance.

TABLE 1	
Evaluation Criteria	Maximum Points
1. Experience and Ability	55
2. Capability to Meet Time and Budget Requirements	45
3. Understanding of Project and Requirements	30
4. Project Approach and Methodology	30
5. Project Manager	15
6. Project Team	15
7. Project Schedule	5
8. Proposal Organization	5
Subtotal Maximum Points	200
9. Fee Proposal	100
10. Oral Presentation, if needed	100

Total Maximum Points	400
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Proposed Contract Award

Responsive proposals will be ranked based on a combination of technical qualifications, written proposals, fee proposals and oral presentations, if necessary. Recommended rankings of proposals will be presented to the Audit, Finance and Legislative Committee for review, approval and recommendation to the City Commission. The City Commission will be requested to approve the recommended rankings and authorize negotiation and execution of a contract beginning with the top ranked vendor.

A contract term of three (3) years with an option for one three-year extension is recommended. It is also recommended that the contract provide for price adjustments during years two and three of the agreement according to the previous years' Consumer Price Index (CPI) with a five percent limit on any increase or decrease. Should the City choose to extend the contract for the optional three-year extension, these prices will be negotiated with the contractor.

Proposed Time Table

The anticipated schedule for the RFP, evaluation process and approvals of ranking recommendations is as follows:

RFP available for distribution	March 7, 2014
Deadline for receipt of questions	March 21, 2014
Deadline for receipt of proposals	April 4, 2014
Completion of Evaluation process	April 18, 2014
Oral presentations, if conducted	April 21-24, 2014
Ranking & recommendation presented to Audit, Finance & Legislative Committee	May 8, 2014
Approval of recommendation by City Commission	May 15, 2014

Conclusion

The procurement of professional auditing services is an important step in achieving government accountability. The above described elements and process meet the auditor selection guidelines for the State of Florida, the American Institute of Certified Public Accountants (AICPA) and the Government Finance Officers Association (GFOA). Accordingly, we recommend the Audit, Finance and Legislative Committee recommend the City Commission authorize the issuance of a Request for Proposals for professional auditing services utilizing the proposed methodology and selection factors.