

**ISSUANCE OF REQUEST FOR PROPOSALS
FOR PROFESSIONAL AUDITING SERVICES**

SEPTEMBER 2008



**CITY AUDITOR'S OFFICE
CITY OF GAINESVILLE, FLORIDA**

City of
Gainesville

Inter-Office Communication

September 8, 2008

TO: Audit, Finance and Legislative Committee
Mayor Pegeen Hanrahan, Chair
Mayor-Commissioner Pro Tem Jack Donovan, Member

FROM: Brent Godshalk, City Auditor

SUBJECT: Issuance of Request for Proposals for Professional Auditing Services

Recommendation

The Audit, Finance and Legislative Committee recommend the City Commission authorize the issuance of a Request for Proposals (RFP) for professional auditing services 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 City's current contract for professional auditing services expires after completion of all reports associated with the financial audit for the fiscal year ending September 30, 2008.

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 requests for proposals.
- Providing interested firms with a request for proposals (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 Gainesville Regional Utilities (GRU). Firms submitting a proposal may propose on either the General Government segment, the GRU segment, and/or both combined. 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. Firms may submit multiple proposals for evaluation and may also submit joint proposals.

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 City's Professional Services Evaluation Handbook 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 below) and will be assigned a composite score for technical criteria, excluding the Fee Proposal.
- Phase 3: For firms deemed qualified, Purchasing staff will open Fee Proposals 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

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(s).

A contract term of five years with an option for one three-year extension has worked well in the past and will be recommended for this contract. It is also recommended that the contract provide for price adjustments during years two through five 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	September 29, 2008
Pre-Proposal Conference (Non-mandatory)	October 13, 2008
Deadline for receipt of questions	October 20, 2008
Deadline for receipt of proposals	November 13, 2008
Completion of Evaluation process	December 3, 2008
Oral presentations, if conducted	December 10, 2008
Ranking & recommendation presented to Audit, Finance & Legislative Committee	January 5, 2009
Approval of recommendation by City Commission	January 15, 2009

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.